MEDIA RELEASE

Austral Gold Limited

28 February 2023

Austral Gold Files Preliminary 2022 Financial Report

Austral Gold Limited (**"Austral" or "the Company"**) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it filed its Appendix 4E Preliminary Financial Report for the Financial Year Ended 31 December 2022. The Report is available under the Company's profile at www.asx.com.au, www.sedar.com and on the Company's website at www.australgold.com.

About Austral Gold Limited

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

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

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

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

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PRELIMINARY FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

AUSTRALGOLD

Austral Gold Limited
Preliminary Financial Report For The Year Ended 31 December 2022

Appendix 4E, previous corresponding period, year ended 31 December 2021

Revenue and net profit				US$'000
Revenue from ordinary activities	Down	23%	to	49,710
Loss from ordinary activities after tax	Up	20%	to	(8,870)
Net Loss attributable to members	Up	20%	to	(8,861)
Dividend information				

No dividend for the financial year 2022 has been declared.

Net tangible assets per security	December 2022 per share	December 2021 per share
Net tangible assets per security	US$0.08	US$0.07
Common shares on issue at balance sheet date	612,311,353	612,311,353

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

Forward Looking Statements

Statements in this Appendix 4E that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical, and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this Appendix 4E include forecasted 2023 production, C1 and AISC costs, the construction of the Heap Reprocessing project that is expected to provide ten years of production, the option with Mexplort through which Austral may acquire 50% of the Jaguelito project, we plan to pursue the High Sulfidation targets in the central and northern part of the Cerro Buenos Aires property, the Group's strong shareholder group and strong banking relationships from which it expects it can obtain financing if required, and the expected closing date of the transaction with E2 Metals Limited.

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

REVIEW OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

PRINCIPAL ACTIVITIES

- Produced 27,686 gold equivalent ounces at the Group’s Guanaco/ Amancaya mine complex;
- Issued an updated Technical Report that increased the estimated life of mine of the Guanaco-Amancaya Operation in accordance with NI-43-101 and JORC 2012;
- Started the construction of the Heap Reprocessing project that is expected to provide ten years of production;
- Continued its search for new discoveries with brownfield and greenfield exploration activity undertaken at the Company’s existing projects in Argentina and Chile, which included more than 7,000 meters of drilling at the Casposo-Manantiales project;
- Expanded the footprint in the Indio Belt in Argentina through an earn-in agreement with Mexplort Perforaciones Mineras S.A. (“Mexplort”), a subsidiary of Corporación América International (“Corporación América”) controlled by Mr. Eduardo Eurnekian (a prominent businessman from Argentina) to acquire 50% of the mining rights in the Jaguelito project, located in the Province of San Juan;
- Signed a Share Sale Agreement with E2 Metals Limtied (“E2”) to sell SCRN Properties Limited (“SCRN”), the owner of the Pinguino advanced exploration project, for a total consideration of approximately US$10 million.

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

A summary of key operating results for FY22 and FY21 is set out in the following tables for comparative purposes.

REVIEW OF RESULTS OF OPERATIONS

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

* The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.
** The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
*** AuEq ratio is calculated at: 82:1 Ag:Au during FY22 and 71:1 Ag:Au during FY21

KEY FINANCIAL RESULTS

Thousands of US$	Year ended 31 December	
	2022	2021
Revenue	49,710	64,390
Gross profit	2,566	12,270
Gross profit %	5.2%	19.1%
Adjusted gross profit (excluding depreciation and amortisation)	10,237	24,516
Adjusted gross profit % (excluding depreciation and amortisation)	20.6%	38.1%
Adjusted earnings*	2,204	17,628
Adjusted earnings per share (basic and fully diluted)	0.004c	0.029c
Loss before income tax	(10,185)	(4,686)
(Loss) attributed to shareholders	(8,861)	(7,324)
(Loss) attributed to non-controlling interests	(9)	(4)
Loss per share (Basic)	(1.45)c	(1.20)c
Loss earnings per share(diluted)	(1.45)c	(1.20)c
Comprehensive income (loss)	(8,887)	(7,397)

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

*see table below

*ADJUSTED EARNINGS

Thousands of US$	Year ended 31 December	
	2022	2021
(Loss) Profit before tax	(10,185)	(4,686)
Depreciation and amortisation	7,778	12,403
Other expense/(income)[1]		
Severance of mining employees due to outsource of operations	-	487
Impairment of exploration and evaluation expenditure	926	1,322
Impairment of investment in associates	-	5,189
Care and maintenance	1,465	1,559
Loss on financial assets	968	512
Gain on sale of equipment	(485)	(287)
Equipment rental	(298)	-
Other	(321)	(55)
Net finance costs/(income)[2]		
Interest income	(4)	-
Finance costs	660	477
Present value adjustment to mine closure provision	1,024	(239)
Share of loss of associates	676	946
Adjusted Earnings*	**2,204**	**17,628**

[1]note 7 to the financial statements
[2]note 9 to the financial statements

Thousands of US$	Fiscal Year ended December 31	
	2022	2021
Cash & cash equivalents	926	2,346
Current assets	22,305	19,992
Non-current assets	75,012	77,998
Current liabilities	29,820	22,745
Non-current liabilities	19,286	18,147
Net assets	48,211	57,098
Net current liabilities	(7,515)	(2,753)
Current loans and borrowings	7,382	5,338
Non-current loans and borrowings	1,264	415
Current financial leases	1,925	2,920
Non-current financial leases	911	1,843
Combined debt (borrowings and financial leases)	11,482	10,516
Combined net debt (net of cash & cash equivalents)	10,556	8,170
Current ratio*	0.75	0.88
Total liabilities to net assets	1.02	0.72

*Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS OF THE GROUP

During FY22, the Group realised a loss before and after income tax of US$10.1m (FY21: $4.7m) and US$8.8m (FY21:US$7.3m), respectively.

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

The decrease in gross profit during FY22 from FY21 was mainly driven by (i) lower sales of gold equivalent ounces (GEOs) (27,686 GEOs vs 31,142 GEOs in FY21), (ii) higher costs of production due to lower grades and higher tones extracted as explained below, and (iii) the robbery of 423 GEOs of gold precipitate, partially offset by lower amortisation charges for the Guanaco/Amancaya mine complex as a result of lower production and an increase in estimated mineral resources as per the March, 2022 independent Technical report[1]. FY21 gross profit was impacted by the sale of 6,185 GEO's produced in 2020 at lower production costs than incurred in FY21 and FY22. Production costs increased in FY22 due to an increase in ore processed, of which 45,728 tonnes were processed from lower grade material at the historical heap pads at Guanaco, and lower gold and silver grades.

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

i. Decrease in FY22 administration costs by US$0.4m to US$9.0m (FY21:US$9.4) mainly due to transaction costs incurred in the acquisition of Revelo in FY21 which resulted in a decrease in consulting expenses in FY22, a decrease in withholding taxes due to a decrease in intercompany dividends used to fund certain non-revenue Group entities, partially offset by an increase in staff costs due to severance of US$0.5m.

ii. Decrease in other expenses by US$6.9m to US$2.7m (FY21: US$9.6m) mainly due to an impairment on investment in associates of US$5.2m in FY21, and a decrease in the impairment of exploration and evaluation expenditures to US$0.9m (FY21: US$1.3m), including the impairment of the Cerro Blanco project from the option agreement with Pampa Metals Corp.

iii. Decrease in net finance income by US$3.4m to net finance expenses of US$0.4m (FY21: net finance income US$3.0m) primarily due to a US$1.9m decrease in foreign exchange gains to US$1.3m (FY21: US$3.2m) on the increase in the value of the US dollar versus the Argentine and Chilean currencies during FY22. The foreign exchange gains were partially offset by US$1m from the increase in the present value of the mine closure provisions (FY21: decrease of US$0.2 million) due to a decrease in the discount rate.

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

Production for the year ended December 2022 decreased by 11.1% to 27,686 GEOs (26,507 gold ounces and 96,541 silver ounces) from 31,142 GEOs (29,938 gold ounces and 87,050 silver ounces) during the year ended December 2021. The cost of production ("C1") per GEO increased to US$1,370 for the year ended December 2022 from US$1,175 for the year ended December 2021 while the all-in sustaining cost ("AISC") per GEO decreased to US$1,735 for the year ended December 2022 from US$1,739 for the year ended December 2021. The increase in costs of production were mainly due to lower average grades, higher tonnes processed, and an increase in the cost of supplies due to inflation.

UPDATED MINERAL RESERVE AND RESOURCE ESTIMATE

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

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

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

EXPLORATION

During FY22, the Group continued its search for new discoveries with brownfield and greenfield exploration activities undertaken at the Company's existing projects in Argentina and Chile including projects where the Company has option agreements.

Casposo-Manantiales Project, Argentina

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

Jaguelito Project, Argentina (Option agreement)

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

Sierra Blanca Project, Argentina (Option agreement)

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

Sierra Inesperada Project, Chile

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

Morros Blancos Project, Chile (Option Agreement)

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

Cerro Buenos Aires Project, Chile

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

FINANCIAL POSITION

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

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

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

As described above, assets available for sale of US$8.3m were reclassified from non-current assets as during November, the Group entered into a Share Sale Agreement to sell SCRN Properties Ltd., owner of the Pinguino project and one of the Group's companies to E2 Metals Limited (ASX:E2M) for approximately US$10 million. The transaction is expected to close during Q1 2023.

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

Inventories decreased by US$1.7m to US$8.9m at 31 December 2022 (31 December 2021: US10.6m) mainly due to a decrease in materials and supplies and a decrease in the gold equivalent ounces available for sale.

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

Current trade and other payables increased by US$5.4m to US$15.7m at 31 December 2022 (31 December 2021: US10.3m) due to an increase in production costs, higher exploration in Q4 2022 and lower cash flow during the year. Non-current trade and other payables were US$1.0m at 31 December 2022 (31 December 2021:$nil) and represent the balance of the Group's commitment to incur US$2m on the Jaguelito project by August 2024.

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

Net assets decreased by US$8.8m from 31 December 2021 to US$48.2m at 31 December 2022 (31 December 2021: US$57.1m) following the net loss of the year.

CASH FLOW

Net cash provided from operating activities before and after changes in working capital were US$2.2m and US$11.1m during FY22 (FY21:US$4.4m and US$11.3m). The decrease was primarily due to lower gross margins, partially offset by working capital changes in FY22 as explained above.

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

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

LIQUIDITY

Guidance

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

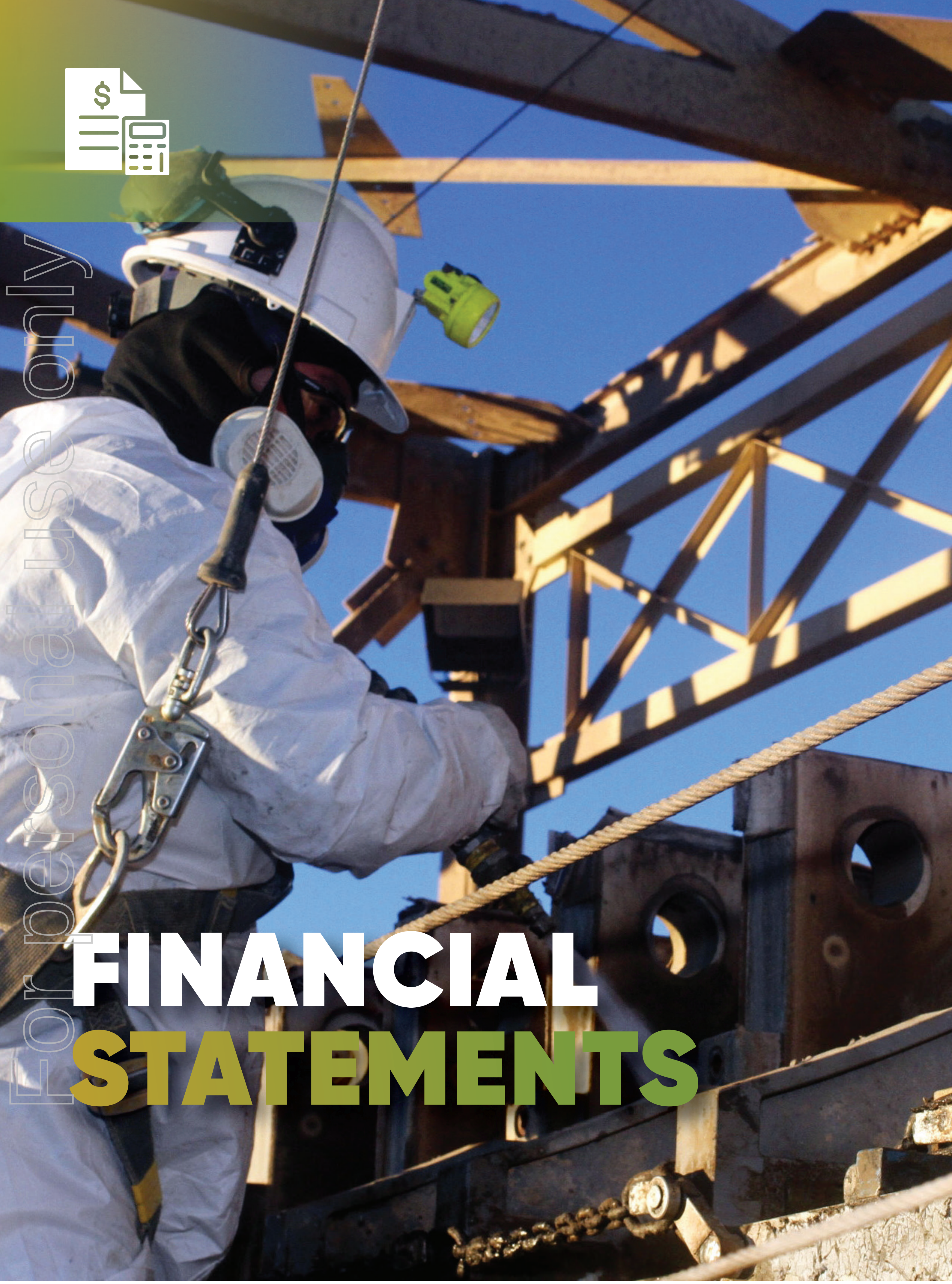
C1 is estimated at US$1,200-US$1,250 per GEO for 2023, with a higher average C1 of US$1,450-US$1,500 during the first half of the year mainly due to lower forecasted grades. During the second half of the year, C1 is estimated to decrease to US$1,000-US$1,050 as a result of lower costs of reprocessing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

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

Access to capital

The Group has a strong shareholder group and strong banking relationships from which it expects it can obtain financing if required.

Confirmation: For the purposes of ASX Listing Rule 5.23.2, Austral confirms that is not aware of any information or data that materially affects the information included in its press releases dated 20 April 2022, 27 July 2022 and 30 January 2023.



FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All figures are reported in thousands of US$	For the year ended 31 December		
	Note	2022	2021
Continuing operations			
Sales revenue	13	49,710	64,390
Cost of sales (including depreciation and amortisation)	6	(47,144)	(52,120)
Gross profit		**2,566**	**12,270**
Other expenses	7	(2,676)	(9,578)
Administration expenses	8	(9,007)	(9,393)
Net finance (expenses)/income	9	(392)	2,961
Share of loss of associates	22	(676)	(946)
(Loss)/ profit before income tax		**(10,185)**	**(4,686)**
Income tax benefit (expense)	11	1,315	(2,642)
Loss after income tax expense		**(8,870)**	**(7,328)**
(Loss)/profit attributable to:			
Owners of the Company		(8,861)	(7,324)
Non-controlling interests		(9)	(4)
		(8,870)	**(7,328)**
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(17)	(69)
Total comprehensive (loss)/income for the year		**(8,887)**	**(7,397)**
Comprehensive (loss)/income attributable to:			
Owners of the Company		(8,878)	(7,393)
Non-controlling interests		(9)	(4)
		(8,887)	**(7,397)**
Earnings per share (cents per share			
Basic loss per share	12	(1.45)	(1.20)
Diluted loss per share	12	(1.45)	(1.20)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US$	As at December 31		
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	14	926	2,346
Trade and other receivables	15	2,422	1,818
Prepaid income tax		1,076	3,510
Other financial assets	16	641	1,717
Inventories	17	8,946	10,601
Assets held for sale	18	8,294	-
Total current assets		**22,305**	**19,992**
Non-current assets			
Other receivables	15	904	1,054
Prepaid income tax		476	750
Mine properties	19	4,054	1,217
Property, plant and equipment	20	42,257	42,007
Exploration and evaluation expenditure	21	27,261	32,322
Investments accounted for using the equity method	22	60	628
Deferred tax assets	11	-	20
Total non-current assets		**75,012**	**77,998**
Total assets		**97,317**	**97,990**
Liabilities			
Current liabilities			
Trade and other payables	23	15,690	10,263
Income taxes payable		770	-
Employee entitlements	24	4,053	4,224
Loans and borrowings	26	7,382	5,338
Lease liabilities	20	1,925	2,920
Total current liabilities		**29,820**	**22,745**
Non-current liabilities			
Trade and other payables	23	1,003	-
Provisions for reclamation and rehabilitation	25	11,538	9,233
Loans and borrowings	26	1,264	415
Lease liabilities	20	911	1,843
Employee entitlements	24	35	9
Deferred tax liability	11	4,535	6,647
Total non-current liabilities		**19,286**	**18,147**
Total liabilities		**49,106**	**40,892**
Net assets		**48,211**	**57,098**
Equity			
Issued capital	27	109,114	109,114
Accumulated losses	28	(59,924)	(51,063)
Reserves	29	(1,158)	(1,141)
Non-controlling interest	30	179	188
Total equity		**48,211**	**57,098**

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

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

All figures are reported inthousands of US$	Note	Issued capital	Accumulated losses	Reserves	Non controlling Interest	Total
Balance at 31 December 2020		**102,177**	**(43,871)**	**2,962**	**-**	**61,268**
Loss for the year		-	(7,324)	-	(4)	(7,328)
Expired share options		-	(321)	321	-	-
Foreign exchange movements from translation of financial statements to US$		-	-	(69)	-	(69)
Total comprehensive (loss)/ income		-	**(7,645)**	**252**	**(4)**	**(7,397)**
Windup of Cachinalito Limitada		-	453	(453)		-
Acquisition of Sierra Blanca		-	-	-	192	192
Issued Capital	27	6,937	-	(108)	-	6,829
Options expired unexercised		-	-	(4)	-	(4)
Dividends paid		-	-	(3,790)	-	(3,790)
Balance at 31 December 2021		**109,114**	**(51,063)**	**(1,141)**	**188**	**57,098**
Balance at 31 December 2021		**109,114**	**(51,063)**	**(1,141)**	**188**	**57,098**
Loss for the period		-	(8,861)	-	(9)	(8,870)
Foreign exchange movements from translation of financial statements to US$		-	-	(17)	-	(17)
Total comprehensive (loss)/ income		**-**	**(8,861)**	**(17)**	**(9)**	**(8,887)**
Balance at 31 December 2022		**109,114**	**(59,924)**	**(1,158)**	**179**	**48,211**

The notes are an integral part of these consolidated financial statements

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US$	Note	For the year ended 31 December 2022	2021
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		2,346	12,401
Cash and cash equivalents, at the end of the year		926	2,346
Net decrease in cash and cash equivalents		**(1,420)**	**(10,055)**
Causes of change in cash and cash equivalents			
Operating activities			
Loss after income tax		(8,870)	(7,328)
Non-cash items			
Income tax benefit/(expense) recognized in loss		(1,315)	2,642
Income tax collection / (payments), net		3,478	(9,383)
Impairment of exploration and evaluation expenditure		926	1,322
Impairment of investment in associate	22.1	-	5,189
Depreciation and amortisation		7,778	12,403
Gain on sale of equipment		(485)	(287)
Non-cash net finance charges		522	366
Provision for reclamation and rehabilitation		(1,700)	(1,910)
Inventory write-down		-	24
Allowance for doubtful accounts		238	(199)
Non-cash employee entitlements		27	112
Share of loss of associates		676	946
Loss in fair value of other financial assets		968	512
Net cash from operating activities before change in assets and liabilities		**2,243**	**4,409**
Changes in working capital:			
Decrease in inventory		1,655	4,043
(Increase) /decrease in trade and other receivables		(690)	2,808
Increase /(decrease) in trade and other payables		8,057	(281)
(Decrease)/Increase in employee entitlements		(172)	331
Net cash provided through operating activities		**11,093**	**11,310**
Cash flows from investing activities			
Additions to plant, property and equipment	20	(6,434)	(6,897)
Proceeds from sale of inventory and equipment		535	518
Payment for investment in exploration and evaluation	21	(5,790)	(8,390)
Payment for investment in mine properties	19	(30)	(363)
Payment for equity investments, net of costs	22	(124)	(2,720)
Payment for other financial assets	16	(27)	-
Cash paid to acquire Revelo	34	-	(920)
Cash acquired in Revelo acquisition	34	-	14
Proceeds from sale of other financial assets		135	287
Net cash used in investing activities		**(11,735)**	**(18,471)**
Cash flows from financing activities			
Proceeds from loans and borrowings		11,735	4,513
Repayment of loans and borrowings		(8,842)	(839)
Interest paid on loans and borrowings		(330)	(141)
Repayment of lease liabilities		(3,133)	(3,032)
Interest paid on leases		(208)	(244)
Proceeds from exercise of options net of costs		-	656
Transaction costs related to issuance of shares		-	(17)
Dividends paid	32	-	(3,790)
Net cash (used in) financing activities		**(778)**	**(2,894)**
Net decrease in cash and cash equivalents		**(1,420)**	**(10,055)**

The notes are an integral part of these consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

These consolidated financial statements ("financial statements") as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2021 are available upon request from the Company's registered office at Level 5, 126 Phillip Street, Sydney NSW 2000, Australia at www.australgold.com.

2. BASIS OF PREPARATION

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

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

2.1 Functional and Presentation currency

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

2.2 Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

3. GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

For the year ended 31 December 2022, the market fundamentals of gold and silver remained strong and the Group produced 27,686 gold equivalent ounces with sales revenue totaling US$49,710 million from sales of 27,648 gold equivalent ounces at an average selling price per ounce of US$1,798 (year ended 31 December 2021: production of 31,142 gold equivalent ounces and sales revenue of US$64,390 million from sales of 35,838 gold equivalent ounces at an average selling price per ounce of US$1,797 including the sale of 4,010 gold equivalent ounces produced in the previous year).

During the year ended 31 December 2022, the Group incurred a net loss after tax of US$8.870 million (year ended 31 December 2021: US$7.328 million net loss after income tax) with net cash flows of US$11.093 million in 2022 (2021: US$11.310 million) generated through operating activities. At 31 December 2022, the Group has net assets of US$48.211 million and net current liabilities of US$7.515 million (31 December 2021: US$57.098 million and US$2.753 million, respectively). For the year ended 31 December 2022, the net increase of loans and borrowings was US$2.893 million (2021: US$3.674 million).

The Directors have prepared cashflow forecasts underpinning the basis of preparation as a going concern. The underlying assumptions of the forecast include acknowledgement of the intrinsic risks of the business including the implementation of the heap reprocessing project, the existing cash position of the Group, the ongoing loan repayments and renewal requirements of existing borrowings, the strategy to further support capital investment at the Amancaya/Guanaco mine and other exploration and investment activities.

During the 2022 year, production was lower than initially forecasted for the Amancaya/Guanaco mine. However, production increased in Q4 2022, and the Group's management with the support of the Directors, have taken steps to ensure the Group remains a going concern, noting the key assumptions in the forecast for 2023 address the key risks and uncertainties in the cashflow including:

- Sale of non-core assets from which the Group expects to collect cash of US$2.5M in Q1 2023;
- Production guidance expected to increase to 34,000-38,000 gold equivalent ounces;
- Implementation of the Heap Reprocessing Project by June 2023 which the Group expects to contribute 30% of the production guidance for 2023 (or 11,000 to 11,500 gold equivalent ounces)

- Source new financing from related parties and/or third parties as well as continued financing from existing financiers through the renewal of existing 360 days and 180 days pre-export facilities maturing in 2023.

The Directors remain confident in the support of their financiers and major shareholder group for additional facilities if required as has been demonstrated during the last 10-years throughout different business cycles.

The going concern basis presumes a combination of the above operational and funding solutions, as deemed appropriate by the Directors will be achieved, and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

4. USE OF ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 are detailed below:

Carrying value of Mine Properties

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

Impairment

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

Carrying value of exploration and evaluation assets

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

Mine closure provisions

Obligations associated with exploration and mine properties are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure and a corresponding rehabilitation asset is also recognised. On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances (recognised as additions to a corresponding asset and rehabilitation liability). The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates. The related carrying amounts are disclosed in note 25.

Measurement of fair values

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

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

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

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

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

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

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

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

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

Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

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

6. COST OF SALES

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

7. OTHER EXPENSES/(INCOME)

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

NOTES TO THE FINANCIAL STATEMENTS

8. ADMINISTRATION EXPENSES

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

9. NET FINANCE (COSTS) / INCOME

All figures are reported in thousands of US$	For the year ended 31 December	
	2022	2021
Interest income	4	-
Gain from foreign exchange	1,288	3,199
Total finance income	**1,292**	**3,199**
Interest expense	(452)	(194)
Interest expense on leases	(208)	(283)
Total finance costs	**(660)**	**(477)**
Present value adjustment to mine closure provision	(1,024)	239
Net finance (costs)/income	**(392)**	**2,961**

10. AUDITOR'S REMUNERATION

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

11. INCOME TAX EXPENSE

All figures are reported in thousands of US$	For the year ended 31 December	
	2022	2021
(A) Income tax expense comprises:		
Current income tax expense	777	75
Deferred income tax (benefit)/expense	(2,092)	2,567
Income tax	**(1,315)**	**2,642**
(B) Reconciliation of effective income tax rate:		
Loss before tax	(10,185)	(4,686)
Prima facie income tax (benefit)/expense calculated at 30%	(3,055)	(1,406)
Difference due to blended overseas tax rate*	1,038	(181)
Impairment of investment in associates	-	1,557
Share of loss of associates	186	261
Non-deductible expenses	(854)	1,587
Temporary differences not brought into account	690	69
Recognition of carry-forward tax losses	680	755
Income tax	**(1,315)**	**2,642**

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

All figures are reported in thousands of US$	31 December 2022				31 December 2021				
	Chile	Argentina	Other	Total	Chile	Argentina	Other	Total	
(C) Deferred tax assets and liabilities									
Deferred tax assets									
Other receivable	224	-	-	224	71	-	-	71	
Inventory	69	44	-	113	69	77	-	146	147
Mining concessions brought into account	-	45	-	45	-	78	-	78	
Accrual for mine closure	1,932	837	-	2,769	1,517	319	-	1,836	
Financial assets	650	-	-	650	540	-	-	540	
Tax losses carried forward	5,860	803	10,043	16,706	3,239	15	9,951	13,205	
Property, plant and equipment	-	-	-	-	-	106	-	106	
Payroll accrual	268	-	-	268	280	-	-	280	
Other	-	3	-	3	-	36	-	36	
Leasing	177	-	-	177	511	1	-	512	
Tax losses not brought into account	-	(1,685)	(10,043)	(11,728)	-	-	(9,913)	(9,913)	
Deferred tax assets	**9,180**	**47**	**-**	**9,227**	**6,227**	**632**	**38**	**6,897**	
Deferred tax liabilities									
Mining concessions	(12,512)	-	-	(12,512)	(12,809)	-	-	(12,809)	
Deferred income	(774)	-	-	(774)	(45)	-	-	(45)	
Property, plant and equipment inflation adjustment	-	(415)	(61)	(476)	-	(612)	(58)	(670)	
Deferred tax liabilities	**(13,286)**	**(415)**	**(61)**	**(13,762)**	**(12,854)**	**(612)**	**(58)**	**(13,524)**	
Net deferred tax (liabilities)/assets	**(4,106)**	**(368)**	**(61)**	**(4,535)**	**(6,627)**	**20**	**(20)**	**(6,627)**	
Movement in deferred tax balances									
Opening balance	(6,627)	20	(20)	(6,627)	(4,403)	432	(23)	(3,994)	
Exchange rate difference	-	(8)	8	-	-	(75)	9	(66)	
Charged to profit or loss	2,521	(380)	(49)	2,092	(2,224)	(337))	(6)	(2,567)	
Closing balance	**(4,106)**	**(368)**	**(61)**	**(4,535)**	**(6,627)**	**20**	**(20)**	**(6,627)**	

Deferred tax assets have not been recognised in respect to tax losses for certain entities of the Group. See Note 37 for details.

12. EARNINGS PER SHARE

All figures are reported in thousands of US$	For the year ended 31 December	
	2022	2021
Net loss attributable to owners	(8,861)	(7,324)
Weighted average number of shares used as the denominator		
Number for basic earnings per share	612,311,353	600,584,618
Number for diluted earnings per share	612,311,353	600,584,618
Basic earnings per ordinary share (cents)	(1.45)	(1.20)
Diluted earnings per ordinary share (cents)	(1.45)	(1.20)

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 an operations and geographic perspective and has identified two reportable segments, Guanaco/Amancaya which is based in Chile and Casposo which is based in Argentina. The CODM monitors the performance in these two regions separately. During the year ended 31 December 2022, the Group earned 95% of its consolidated revenue from sales made to one customer (2021-100% of its consolidated revenue from sales made to three customers, of which sales to each customer exceeded 10%).

All figures are reported in thousands of US$	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	47,772	-	-	47,772	62,243	-	-	62,243
Silver	1,938	-	-	1,938	2,147	-	-	2,147
Cost of sales	(39,473)	-	-	(39,473)	(39,874)	-	-	(39,874)
Depreciation and amortisation expense	(7,671)	-	-	(7,671)	(12,246)	-	-	(12,246)
Other expense	(1,290)	(395)	(991)	(2,676)	(1,578)	(1,891)	(6,109)[(1)]	(9,578)
Administration expenses	(4,791)	(666)	(3,550)	(9,007)	(4,375)	(629)	(4,389)	(9,393)
Finance income (costs)	(1,183)	126	665	(392)	1,270	1,851	(160)	2,961
Share of loss of associates	-	-	(676)	(676)	-	-	(946)	(946)
Income tax benefit/(expenses)	1,822	(380)	(127)	1,315	(2,308)	(336)	2	(2,642)
Segment (loss)/profit	**(2,876)**	**(1,315)**	**(4,679)**	**(8,870)**	**5,279**	**(1,005)**	**(11,602)**	**(7,328)**
Segment assets	**64,518**	**15,332**	**17,467**	**97,317**	**68,033**	**13,027**	**16,930**	**97,990**
Segment liabilities	**39,708**	**6,387**	**3,011**	**49,106**	**35,733**	**4,265**	**894**	**40,892**
Capital expenditure	**8,780**	**2,864**	**2,211**	**13,855**	**14,143**	**1,258**	**365**	**15,766**

(1) Includes impairment on investment in Rawhide of US$5,189m

Geographic information:

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

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

14. CASH AND CASH EQUIVALENTS

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Cash at call and in hand	926	2,346
Total cash and cash equivalents	**926**	**2,346**
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows, is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	**926**	**2,346**

Risk Exposure

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

15. TRADE AND OTHER RECEIVABLES

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

15.1 Past due but not impaired

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

15.2 Fair value and credit risk

Due to the short-term nature of trade receivables, their carrying amount is assumed to approximate their fair value. Refer to note 31 for more information on the risk management policy of the Group and the credit quality of the receivables.

15.3 Key customers

The Group is reliant on two customers to which gold and silver produced from the Guanaco/Amancaya mines are sold. The major customer purchased 95% (2021-60%) of sales and the other customers purchased the remaining 5% of sales (2021-40%).

16. OTHER FINANCIAL ASSETS

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

The table above sets out the Group's assets and liabilities that are measured and recognised at fair value at the end of each reporting through the profit and loss statement.

NOTES TO THE FINANCIAL STATEMENTS

Listed equity securities and bonds are shares of Canadian listed mining companies nominated in C$ and sovereign bonds nominated in ARS as at 31 December 2022 and 31 December 2021, respectively.

Fair value hierarchy

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

Transfers

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

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

17. INVENTORIES

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

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

18. ASSETS FOR SALE

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Transfers from property, plant and equipment	951	-
Transfers from exploration and evaluation expenditures	7,343	-
Assets held for sale	**8,294**	**-**

On 25 November 2022, the Group entered into a Share Sale Agreement with E2 Metals Limited ("E2") to sell the common shares of its subsidiary, SCRN Properties Ltd., whose major assets are exploration assets and property and equipment. As closing of the transaction is subject to several conditions including E2 shareholder approval (obtained on 20 February 2023) of the total shares and options to be issued by E2, the Group recorded the transaction as an asset held for sale at its carrying value less estimated costs to sell.

19. MINE PROPERTIES

All figures are reported in thousands of US$	Guanaco/ Amancaya	Casposo	Total
Mine Properties-31 December 2021			
Cost	62,017	9,795	71,812
Accumulated depreciation	(60,800)	(9,795)	(70,595)
Carrying value—Mine Properties	**1,217**	**-**	**1,217**
Mine Properties-31 December 2022			
Cost	65,862	9,795	75,657
Accumulated depreciation	(61,808)	(9,795)	(71,603)
Carrying value—Mine Properties	**4,054**	**-**	**4,054**

NOTES TO THE FINANCIAL STATEMENTS

All figures are reported in thousands of US$	For the year ended 31 December	
	2022	2021
Costs carried forward in respect of areas of interest		
Carrying amount at the beginning of the year	1,217	3,876
Additions	30	363
Transfers from exploration and evaluation expenditure	3,585	-
Transfers to property, plant and equipment	(368)	-
Increase (decrease) in provision for reclamation and rehabilitation	598	(898)
Amortization	(1,008)	(2,124)
Carrying amount at end of the year	**4,054**	**1,217**

Carrying value — Guanaco/Amancaya

The Guanaco and Amancaya mines have been determined by Management to be a single cash generating unit ("CGU"). The fair value less cost of disposal, is used to assess the recoverable value of the CGU. The mine properties noted above and the property, plant and equipment that is an intrinsic part of the mine and its structure (included in note 20) with a total book value of US$39 million are included in determining the carrying value of the CGU for the purposes of assessing for impairment

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

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

- Real Forecast Gold price (2023-2033): US$1,800/oz-1,720/oz (31 December 2021 (2022-2033): US$1,610/oz – US$1,720/oz
- Real Forecast Silver price (2023-2033):US$20/oz-23.25/oz (31December 2021 (2022-2033) US$22/oz– US$23.8/oz
- Life of mine operations based on the current model are forecast to end in 2033.
- Real Discount Rate (pre-tax): 7.5% (31 December 2021: 6.9%)
- Proven and Probable reserves and resource estimates to 31 December 2022 are based on an independent technical report provided to the Group in 2022.

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

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

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

The sensitivities do not lead to a fair value below the book value of the project.

20. PROPERTY, PLANT AND EQUIPMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS

20.1 Reconciliation of carrying amount

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Heap	Land	Other	Total
Cost								
Balance at 31, December 2020	**76,175**	**35,312**	**20,972**	**13,817**	**-**	**815**	**7,206**	**154,297**
Additions	4,895	404	565	763	-	-	270	**6,897**
Disposals	-	-	(9)	-	-	-	-	**(9)**
Balance at 31, December 2021	**81,070**	**35,716**	**21,528**	**14,580**	**-**	**815**	**7,476**	**161,185**
Additions	5,663	336	262	42	105		26	6,434
Transfer from Mine properties	-	-	-	-	368	-	368	368
Reallocation		-	-	-	139	(139)	-	-
Disposals	-	-	(1,687)	-		-	-	(1,687)
Transfers to asset held for sale	-	-	(196)	(304)		(815)	(18)	(1,333)
Balance at 31, December 2022	**86,733**	**36,052**	**19,907**	**14,318**	**612**	**-**	**7,345**	**164,967**

All figures are reported in thousands of US$	Underground Mine Development	Plant	Mining Equipment	Buildings	Heap	Land	Other	Total
Accumulated depreciation								
Balance at 31, December 2020	**59,408**	**25,241**	**16,901**	**11,240**	**-**	**-**	**6,782**	**119,572**
Depreciation	4,150	1,775	541	633	-	-	189	**7,288**
Disposals	-	-	(9)	-	-	-	-	**(9)**
Balance at 31, December 2021	**63,558**	**27,016**	**17,433**	**11,873**	**-**	**-**	**6,971**	**126,851**
Depreciation	3,378	590	309	238	-	-	75	4,590
Disposals	-	-	(1,637)	-	-	-	(5)	(1,642)
Transfers to asset held for sale	-	-	(190)	(174)	-	-	(17)	(381)
Balance at 31, December 2022	**66,936**	**27,606**	**15,915**	**11,937**	**-**	**-**	**7,024**	**129,418**
Carrying amounts								
At 31 December 2021	**17,512**	**8,700**	**4,095**	**2,707**	**-**	**815**	**505**	**34,334**
At 31 December 2022	**19,797**	**8,446**	**3,992**	**2,381**	**612**	**-**	**321**	**35,549**

20 (ii) Right of use

All figures are reported in thousands of US$	Office	Vehicles	Machinery and equipment	Total
Balance at 31 December 2020	**193**	**3,677**	**5,551**	**9,421**
Additions	13	1,461	-	1,474
Disposals	-	(231)	-	(231)
Less depreciation	(98)	(1,830)	(1,063)	(2,991)
Balance at 31 December 2021	**108**	**3,077**	**4,488**	**7,673**
Additions		1,220		1,220
Disposals	-	(5)	-	(5)
Less depreciation	(99)	(1,748)	(333)	(2,180)
Balance at 31 December 2022	**9**	**2,544**	**4,155**	**6,708**

20 (iii) Lease payments*

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

*Expiration dates are disclosed in note 31 (d)

21. EXPLORATION AND EVALUATION EXPENDITURE

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

(1) (2021) Includes the fair value of US$5.298 million of Exploration and Evaluation rights acquired from Revelo in 2021 (note 34)

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

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

Jaguelito Option Agreement

During February 2022, the Group signed a binding offer letter with Mexplort Perforaciones Mineras S.A. (”Mexplort”) where the parties agreed to enter into a Joint Venture Agreement to identify and develop new precious metal projects located in the Indio belt in the Province of San Juan, Argentina and Mexplort is to grant Austral Gold Argentina S.A., a subsidiary company in Argentina, an earn-in option whereby it may acquire a 50% of the mining rights the Jaguelito project (“50% interest”) held by Mexplort through a concession granted by the Instituto Provincial de Exploraciones y Explotaciones Mineras de la Provincia de San Juan (IPEEM) in October 2011 which was approved on 10 August 2022. As at 31 December 2022, the Joint Venture Agreement had not been entered into. The consideration to acquire the 50% interest is as follows:

a. US$2 million in exploration expenditures on Jaguelito within two years from the approval of the Option by IPEEM (the “First Stage”), including drilling a minimum of 5,000 meters. As of 31 December 2022, US$1 million of exploration expenses was incurred and US$1 million was accrued as a non-current liability (note 23).

b. US$2 million in exploration expenditures on Jaguelito within two years after completing the First Stage (the “Second Stage”), and

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

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

Pampa Option Agreement

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

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

i. at least US$1 million in year 1 (completed); and

ii. an additional US$2 million in year 2

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

a. minimum drilling of 15,000m,

b. studies required to complete a preliminary economic assessment (“PEA”),

c. PEA by an internationally recognized engineering firm to the standards, and in the form, prescribed under National Instrument 43-101 (“NI 43-101”), and

d. minimum annual exploration expenditures on each property of US$250,000.

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

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

a. minimum drilling of 10,000m

b. studies required to complete a bankable feasibility study (“BFS”), and

c. BFS by an internationally recognized engineering firm to the standards, and in the form, prescribed under NI 43-101.

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

Sierra Blanca Agreement

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

15 September 2021: $100,000 (paid) (Year 1)

15 September 2022: $200,000 (paid) (Year 2)

15 September 2023: $400,000 (Year 3)

As the work commitments in Year 1 were incurred, the Group acquired a 51% interest in Sierra Blanca S.A., which resulted in Exploration and Evaluation rights of US$392,000, the non-controlling interest at the time of acquisition, for total cash consideration of US$200,000. If the work commitments in Year 2 and Year 3 are incurred, the Group will acquire an additional 29% interest. Expenditures may be incurred earlier than the work commitment dates.

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

15 September 2024: Cash of US$0.5 million and work commitments of US$0.4 million (Year 4)

15 September 2025: Cash of US$1.0 million and work commitments of US$0.4 million (Year 5)

At the time of acquisition, the Sierra Blanca project had no probable and proven resources. The project was not in production and there was no mine plan to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3 and note 38.

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

22. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

22.1 Investment in Rawhide

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

22.2 Investment in Ensign

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

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

ii. As two directors of Austral Gold are on Ensign's board of directors, the Group has determined that Austral has significant influence over Ensign and accounts for its investment in Ensign using the equity method of accounting.

iii. During July 2021, Ensign raised US$7.4 million (C$9.16 million) and during the remainder of the year issued additional shares which reduced the Group's interest to 11.91% as at 31 December 2022.

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

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

23. TRADE AND OTHER PAYABLES

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

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

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained, nor the original liability was substantially modified on entering into the arrangement. From the Group's perspective, the arrangement extends payment terms to six months. The Group incurs interest ranging from 8%-9% per annum to the bank on the amounts due to suppliers. The Group therefore discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain similar to those of other trade payables but discloses disaggregated amounts in the notes. All payables under SCF are classified as current as at 31 December 2022.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating-i.e. payments for services required to earn revenue. The payments to a supplier by the bank are considered non-cash transactions and amount to US$854,382 plus accrued interest of US$21,633 as at 31 December 2022.

24. EMPLOYEE ENTITLEMENTS

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Current		
Salaries and bonuses	3,009	3,075
Employee entitlements	1,044	1,149
Total Employee entitlements	**4,053**	**4,224**

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

Total employee salary, benefits and bonuses of the Group in the profit and loss statement was US$14.2 million (2021-US$14.9 million), including US$9.3 million (2021-US$10.7 million) in cost of sales and US$4.9 million (2021-US$4.2 million) in administration.

Non-current		
Employee entitlements	35	9

Retirement benefits

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

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

25. PROVISIONS

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Current		
Mine closure	11,528	9,136
Other	10	97
Closing balance	**11,538**	**9,233**
Movement in non-current provisions		
Opening balance	9,232	11,050
Additions	8	93
Increase/ (decrease) of provision for reclamation an rehabilitation	598	(898)
Exchange difference	676	(773)
Present value adjustment	1,024	(239)
Closing balance	**11,538**	**9,233**

Mine closure provision

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

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

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

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

As at 31 December 2021, the total restoration provision amounts to US$4.4m (31 December 2021: US$3.6m) for the Casposo mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US$4.5m; and Discount rate: 2.2% (2021–US$4.2m and 11.24%)

26. LOANS AND BORROWINGS

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

Loan Facilities

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

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

	Loans	Leasing
Balance at 1 January 2021	**2,077**	**6,321**
Change from financing cash flows		
Proceeds from loans and borrowings	4,513	-
Repayments	(839)	(3,032)
Other changes		
New leases	-	1,474
Interest expense	143	244
Interest paid	(141)	(244)
Balance at 31 December 2021	**5,753**	**4,763**
Balance at 1 January 2022	**5,753**	**4,763**
Change from financing cash flows		
Proceeds from loans and borrowings	11,735	-
Repayments	(8,842)	(3,133)
Other changes		
New leases	-	1,220
Interest expense	330	194
Interest paid	(330)	(208)
Balance at 31 December 2022	**8,646**	**2,836**

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

27. ISSUED CAPITAL

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

Movements in ordinary share capital	Number of ordinary shares	US$'000
Balance at 31 December 2020	**566,070,265**	**102,177**
Share issuance pursuant to acquisition of Revelo	35,475,095	6,061
Share issuance to management	1,000,000	128,
Exercise of options	9,765,993	774
Share issue costs pursuant to exercise of options	-	(26)
Balance at 31 December 2021	**612,311,353**	**109,114**
Balance at 31 December 2022	**612,311,353**	**109,114**

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

28. ACCUMULATED LOSSES

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Accumulated losses at beginning of year	(51,063)	(43,871)
Net (loss)/profit for the year	(8,861)	(7,324)
Transfer from share option reserve	-	(321)
Transferred from/(to) profit reserve	-	453
Accumulated losses at end of year	**(59,924)**	**(51,063)**

29. RESERVES

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

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

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

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

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

30. NON-CONTROLLING INTEREST

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Non-controlling interest in subsidiaries comprise		
Acquired as part of subsidiary	-	188
Balance end of the year	**179**	**188**

During November 2021, the Group completed the work commitment to acquire 51% of Sierra Blanca S.A as disclosed in note 21.

30.1 Assets and liabilities assumed

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

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

31. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

The Group holds the following financial instruments:

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

a. Market Risk

i. Foreign Currency Risk

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

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

At 31 December 2022, the Group was exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the Group's functional currency (thousands of US$).

The following significant exchange rates have been applied.

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

Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS

Effect in thousands of US$ 31 December 2022	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	688	(688)	688	(688)
CLP (10% movement)	(585)	585	(585)	585
AUD (5% movement)	-	-	-	-
CDN (2% movement)	-	-	-	-
31 December 2021	Strengthening	Weakening	Strengthening	Weakening
ARS (22% movement)	401	(401)	401	(401)
CLP (19% movement)	229	(229)	229	(229)
AUD (6% movement)	-	-	-	-
CDN (1% movement)	2	(2)	2	(2)

	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (AUD)	Canadian Dollar (CAD)
Financial assets				
Cash and cash equivalents	75	17	10	24
Trade and other receivables	1,599	1,128	20	9
Other financial assets	23	-	-	590
Financial liabilities				
Trade and other payables	709	6,799	362	40
Borrowings	-	-	-	-
Financial leases	5	-	-	-

ii. Price Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

iii. Interest Rate Risk

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

a. Financial Market Risk

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

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

b. Credit Risk

The maximum exposure to credit risk at the reporting date to recognised financial assets, including receivables from government authorities, is the carrying amount, net ofany 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.

d. Maturities of financial liabilities

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

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

Consolidated					
All figures reported in thousands of US$	6 months	6-12 months	1-5 years	> 5 years	Total
31 December 2022					
Financial liabilities					
Trade and other payables	15,690	-	1,003	-	16,693
Borrowings	4,367	3,226	1,296	-	8,889
Leasing	1,405	621	953	-	2,979
Total 31 December 2022 liabilities	**21,462**	**3,847**	**3,252**	**-**	**28,561**
31 December 2021					
Financial liabilities					
Trade and other payables	10,263	-	-	-	10,263
Borrowings	4,960	434	422	-	5,816
Leasing	1,539	1,539	1,893	-	4,971
Total 31 December 2021 liabilities	**16,762**	**1,973**	**2,315**	**-**	**21,050**

32. DIVIDENDS

All figures are reported in thousands of US$	As at 31 December	
	2022	2021
Dividends paid	-	3,790

Non dividends were paid during 2022 (2021-A$0.008 per share was paid on 19 March 2021). The Group has no franking credits

33. SUBSIDIARIES

	Country of Incorporation	% owned as at 31 December	
		2022	2021
Subsidiaries			
Guanaco Mining Company Limited	British Virgin Islands	100.000	100.000
Guanaco Compañía Minera SpA	Chile	99.998	99.998
Minera Mena Chile Ltda	Chile	99.99	99.99
SCM Pampa Buenos Aires Ltda	Chile	99.99	99.99
Minera Celeste Chile Ltda	Chile	99.99	99.99
Minera Serena Chile Ltda	Chile	99.99	99.99
SMC Montezuma Ltda	Chile	99.99	99.99
Casposo Energías Renovables S.A.U.	Argentina	100.000	100.000
Austral Gold Argentina S.A.	Argentina	99.970	99.970
Sierra Blanca S.A.	Argentina	51.000	51.000
Austral Gold North America Corp.	United States	100.000	100.000
Austral Gold Canada Limited	Canada	100.000	100.000
SCRN Properties Ltd.	Canada	100.000	100.000
Casposo Argentina Limited	Canada	100.000	100.000
Revelo Resources Corp.	Canada	100.000	100.000
1388631 BC Ltd	Canada	100.000	100.000

34. ACQUISITION OF REVELO

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

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

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

34.1 Assets and liabilities assumed

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

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

35. PARENT ENTITY INFORMATION

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

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

36. RELATED PARTY TRANSACTIONS

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

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

37.2 Directors and Key Management Personnel Remuneration

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

All figures are reported in US$	As at 31 December	
	2022	2021
Short-term employment benefits	1,995,142	2,267,188
Share based payment	-	127,710
Total	**1,995,142**	**2,394,898**

Other transactions with related parties

Chairman Wayne Hubert and Chief Executive Officer Stabro Kasaneva are related to Ensign as they are board members of Ensign. Mr. Hubert holds 1,964,865 common shares of Ensign and 175,000 stock options and Mr. Kasaneva holds nil shares of Ensign and 100,000 stock options.

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

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

36.3 Ultimate parent entity

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

The ultimate beneficial owner of IFISA is Eduardo Elsztain.

37. UNRECOGNIZED 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.

Australia	As at 31 December	
	US$000	Expiry
Tax losses	13,516	No expiry
Capital losses	2,187	No expiry
Canada		
Tax losses	17,413	2022-2042
United States		
Tax losses	7,405	No expiry
Argentina		
Tax losses	2,524	2023-2027

The ability of the Group to utilise Australian, US 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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

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

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.

Foreign currency

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

38.4 Foreign currency transactions

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

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

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 of gold equivalent ounces over mineable reserves. Once production commences, further development expenditure is classified as part of the cost of production, (e.g. stripping costs) unless substantial future economic benefits can be established.

Amortisation

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

Deferred stripping costs

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

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

38.6 Exploration and evaluation expenditure

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

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

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

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

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

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

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

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

De-recognition and disposal

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

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

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

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

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

i. when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a trans- action 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 used in production are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

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

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

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, net of 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.

Mine Closure provision

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

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

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

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

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.

Right of use

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

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

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

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

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;

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

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

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

Financial liabilities

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

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 enforceable and 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 Share-based payment arrangements

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

38.24 Capital management

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

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

38.25 Assets held for sale

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

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

38.26 New, revised or amending Accounting Standards and interpretations adopted

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