



MEDIA RELEASE

Austral Gold Limited

29 October 2021

Austral Gold Announces Filing of Q3 2021 Quarterly Activity Report

Austral Gold Limited (the "Company") (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Q3 2021 Quarterly Activity Report. The complete 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

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

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

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

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

For additional information please contact:

Jose Bordogna
Chief Financial Officer
Austral Gold Limited
jose.bordogna@australgold.com
+54 (11) 4323 7558

David Hwang
Company Secretary
Austral Gold Limited
info@australgold.com
+61 (2) 9698 5414



SEPTEMBER 2021

Quarterly Activity Report

KEY QUARTERLY HIGHLIGHTS

- **A total of 9,422 gold equivalent ounces (“GEOs”)** (9,120 gold ounces and 21,390 silver ounces) were produced during the quarter, **a 13% increase** from Q2 2021.
- **Cost of production (“C1”) per GEO decrease to US\$1,070 in Q3 2021, a 4% reduction from US\$1,115 in Q2 2021** while all-in-sustaining cost (“AISC”) was US\$1,496 in Q3 2021, **a 9% decrease** from US\$1,647 in Q2 2021. Quarterly average GEO selling price was US\$1,795/oz (40% gross margin) vs US\$1,830/oz (39% gross margin) in Q2 2021.
- **Strong cash flow generation from operating activities of US\$6.0 million before changes in working capital during Q3 2021.** Internal cash generation allowed the Company to fund its exploration and sustaining capex programs for the quarter that totaled US\$3.7 million. Cash on hand at the end of the quarter was US\$2.3 million and combined with the fair value of unsold and unrefined ~2,000 gold ounces in inventory totaled US\$5.9 million. Total net financial debt remained at US\$ 8.4 million.
- Despite gradual improvements at the Guanaco/Amancaya mine complex with average monthly production surpassing 3,000 GEO, **the Company has revised production guidance for 2021 to 30,000-35,000 GEO** from 45,000-50,000 GEO provided at the beginning of the year.

- **Continued the consolidation strategy of HS deposits in the Paleocene Belt in Chile** through the execution of an Option agreement with Pampa Metals Corporation (CSE:PMP | FSE:FIRA | OTCQX:PMMC) where Austral may acquire up to an 80% interest in the Cerro Blanco and Morros Blancos properties (Chile). Further details are provided in the Company's 28 July 2021 announcement.
- **Exploration activities at Guanaco/Amancaya continued** where three of six drill holes in the Sur vein confirmed the continuity of DAM003 and two of the five follow-up drillholes in the Oeste vein confirmed the continuity of the structure at depth. In addition, at Sierra Inesperada, the latest drilling results confirmed silver mineralisation vectoring to potential blind gold mineralisation in the Purisima breccia complex. Further details are provided in the Company's 26 October 2021 announcement.

Key Subsequent Events

- **Engaged SLR Consulting (Canada) Ltd ("SLR") to update the mineral resource and mineral reserve estimates at its Guanaco-Amancaya mine complex** as announced on 7 October 2021.
- The **2019 Rights Issue program concluded on 18 October 2021** with a total of US\$1.1M raised from the exercise of options of which ~60% was received during October 2021.

COVID-19

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

PRODUCTION

- **Guanaco/Amancaya gold and silver production during the third quarter totaled 9,422 GEOs** (or 9,120 gold ounces and 21,390 silver ounces), a **13% increase from the June 2021 quarter and a 42% decrease from the September 2020 quarter**.
- Production included 600 GEOs from the old heap #3 processed through the agitation leaching plant during the quarter for the first time.
- Production was lower than forecasted during the quarter due to i) staff turnover from the company outsourced for UG exploitation (mainly drilling equipment operators) and the difficulties in replacing them, and iii) availability of the UG fleet.
- An action plan is being implemented which comprises the following main aspects:
 - i) labor: hire certified instructors and engage a specialized contractor in vertical drilling to improve the productivity at the mine, and expatriate personnel from our Casposo mine in Argentina with proven track records in UG mining, and;
 - ii) equipment: strengthen the UG fleet with new acquisitions to support key processes at the mine.

- The Company has revised production guidance for 2021 to 30,000-35,000 GEO from 45,000-50,000 GEO provided at the beginning of the year.
- **Rawhide production (100% basis) during the September 2021 quarter totaled 7,195 GEOs representing an 11% increase from June 2021 quarterly production of 6,482 GEOs.** The Company's September 2021 quarterly share of production was 1,652 GEO compared to the June 2021 quarterly share of production of 1,715 GEO following the ownership interest dilution in Rawhide from 26.46% to 22.78% during the September 2021 quarter.

Quarterly Production figures

Operations	Guanaco/ Amancaya Mines			Rawhide*			Net to Austral		
	Sept Qtr 2021	June Qtr 2021	Sept Qtr 2020	Sept Qtr 2021	June Qtr 2021	Sept Qtr 2020	Sept Qtr 2021	June Qtr 2021	Sept Qtr 2020
Processed (t)	51,906	42,969	50,058	453,314	562,846	535,166	155,987	191,898	191,663
Gold produced (Oz)	9,120	7,966	15,169	6,904	5,986	6,696	10,705	9,550	16,941
Silver produced (Oz)	21,390	26,332	76,277	24,678	42,131	39,213	27,056	37,480	86,653
Gold-Equivalent (Oz) **	9,422	8,351	16,160	7,195	6,482	7,324	11,074	10,066	18,098

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

** Au:Ag ratio is calculated at 71:1 Ag:Au for the September 2021 Quarter; 68:1 Au:Ag for the June 2021 Quarter; 77:1 Au:Ag for the September 2020 Quarter. Rawhide's Au:Ag ratio equaled 85:1 for the September 2021 Quarter, Au:Ag 85:1 for the June 2021 Quarter and Au:Ag 62:1 for the September 2020 Quarter.

Forecasted Calendar 2021 Production:

- Production guidance for 2021 for the Guanaco and Amancaya Mine complex was revised to 30,000-35,000 gold-equivalent ounces from 45,000-50,000 gold-equivalent ounces. As a result of the decrease in production guidance, annual C1 and AISC is forecast to be US\$1,000-US\$1,100 and US\$1,300-US\$1,400 per GEO, respectively (original guidance of US\$850-US\$950 and US\$1,050-US\$1,150 per GEO, respectively).
- Production guidance for 2021 provided by Rawhide remains unchanged at 30,000 gold equivalent ounces.

EXPLORATION

- During Q3 2021, exploration activities continued to focus on:
 - drilling campaigns at Amancaya and Sierra Inesperada in Chile and at the Manantiales - Casposo district in the San Juan Province, Argentina,
 - the definition of the drilling targets at Cerro Buenos Aires and Morros Blancos in Chile and;
 - surface exploration activities at the Pingüino–Sierra Blanca District in Argentina.
- Significant results were obtained from the deep drilling campaign at Amancaya** in the Sur and Oeste veins announced on 26 October 2021. These two new veins were discovered in Q2 2021.
- At **Sierra Inesperada**, the latest drilling results confirmed silver mineralization vectoring to potential blind gold mineralization in the Purisima breccia complex.
- At the **Casposo – Manantiales** district, the first phase of drilling was completed in five vein targets. At the Manantiales vein, a blind ore-shoot was intercepted opening the upside to the south.
- At **Sierra Blanca**, the first tranche to acquire 51% of the project was completed. To date the Company has incurred exploration expenses of US\$145,000 and is focused on acquiring the next 29% interest, which requires an additional US\$555,000 in exploration expenses be incurred over the next two years.

FINANCIALS

- At the end of Q3 2021, cash and cash equivalents were US\$2.3 million and combined with the fair value of ~2,000 unsold and unrefined gold equivalent ounces in inventory totaled US\$5.9 million.** The table below summarizes the quarterly cash flow compared to the June 2021 quarter and prior year quarter ended September 2020.

Cash Flow (US\$'M)	Sept 2021 Qtr	June 2021 Qtr	Sept 2020 Qtr
Operating Cash flow before change in working capital	6.0	3.3	9.6
Changes in working capital	(1.8)	(4.8)	(3.8)
Operating cash flow after change in working capital	4.2	(1.5)	5.8
Net cash used in investing activities	(3.8)	(4.1)	(2.2)
Net cash from (used in) financing activities	0.1	2.1	(5.5)
Net increase (decrease) in cash	0.5	(3.5)	(1.9)
Cash beginning of period	1.8	5.3	9.7
Cash end of period	2.3	1.8	7.8

- **Cash flow generated from operating activities** was US\$4.2 million during Q3 2021, an increase of US\$5.7 million from negative US\$1.5 million on 30 June 2021. The positive variation in cash flow generation was due to higher sales volume following the gradual improvement at the Guanaco/Amancaya mine complex. The previous quarter included the payment of US\$6 million income tax payable recorded at the end of December 2020 for fiscal 2020.
- **Net cash used in investing activities** was US\$3.8 million, mainly due to US\$1.7 million for sustaining capital expenditures and US\$2.0 million for exploration activities.
- **Net cash from financing activities** was US\$0.1 million due to the net increase in borrowings. **The table below summarizes the net financial debt position.**

Net Financial Debt Position (US\$'M)	Sept 2021 *	June 2021*	Sept 2020 *
Cash & Cash Equivalents **	2.3	1.8	7.8
Financial Debt ***	10.7	10.1	10.6
Net Financial Debt	8.4	8.3	2.8

* Consolidated unaudited figures

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

*** Includes Borrowings and Financial leases

- **As of 30 September 2021, consolidated net financial debt was US\$8.4 million**, a net increase of US\$0.1 million from 30 June 2021. At the end of Q3 2021, total financial debt of US\$10.7 million was comprised of US\$8.4 million of short-term debt and US\$2.3 million of long-term debt.



Guanaco & Amancaya Mines Antofagasta, Chile



Casposo Mine San Juan, Argentina



Pingüino Project Santa Cruz, Argentina



Rawhide Mine Fallon Nevada, USA



Mercur Project Utah, USA



Austral Gold Limited ("Austral") is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (care and maintenance) in Argentina, a 22.78% interest in the Rawhide Mine in Nevada and 12.22% interest in the Mercur project in Utah through the equity investment in Ensign Gold. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the recent acquisition of Revelo Resources Corp), a 13.6% interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina; recently expanded through the 2020 option agreement for the Sierra Blanca project.

CHILE

Guanaco and Amancaya Mines

Background

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

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

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

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

Safety

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

Production

September 2021 quarterly production at Guanaco/Amancaya **increased by 13% to 9,422 GEOs** (9,120 gold ounces and 21,390 silver ounces) from 8,351 GEOs (7,966 gold ounces and 26,332 silver ounces) during the June 2021 quarter and decreased **by 42%** from 16,160 GEOs (15,169 gold ounces and 76,277 silver ounces) during the September 2020 quarter. The cost of production ("C1") and the all-in sustaining cost ("AISC") at the Guanaco/Amancaya mine complex in the September 2021 quarter decreased to US\$1,070 per GEO and US\$1,496 per GEO respectively from US\$1,115 per GEO and US\$1,647 per GEO during the June 2021 quarter and increased from US\$717 per GEO and US\$1,055 per GEO respectively during the June 2020 quarter end.

Mining

During the September 2021 quarter, 46,340 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to expand the mineral resources at the Guanaco and Amancaya mines.

Operations	Guanaco/Amancaya Quarter ended		
	September 2021	June 2021	September 2020
Processed (t)	51,906	42,969	50,058
Average Plant Grade Underground (g/t Au)	5.1	5.7	8.9
Average Plant Grade Heap (g/t Au)	2.2	-	-
Average Plant Grade Underground (g/t Ag)	13.9	19.9	48.0
Average Plant Grade Heap (g/t Ag)	4.8	-	-
Gold produced (Oz)	9,120	7,966	15,169
Silver produced (Oz)	21,930	26,332	76,277
Gold-Equivalent (Oz) ^{(1) (2)}	9,422	8,351	16,160
C1 Cost of Production (US\$/AuEq Oz) ⁽³⁾	1,070	1,115	717
All-in Sustaining Cost (US\$/Au Oz) ⁽⁴⁾	1,496	1,647	1,055
Realised gold price (US\$/Au Oz)	1,795	1,830	1,915
Realised silver price (US\$/Ag Oz)	25	27	24

⁽¹⁾ AuEq ratio is calculated at 71:1 Ag:Au for the 30 September 2021 quarter 68:1 for the 30 June 2021 quarter and 77:1 Ag:Au for the 30 September 2020 quarter.

⁽²⁾ Includes 600 Gold equivalent (Oz) from the old heap #3 processed through the agitation leaching plant during the quarter ended 30 September 2021 (nil for the quarters ended 30 June 2021 and 30 September 2020).

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

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

Exploration

Amancaya District Exploration

During Q3 2021, follow-up and categorization programs at Amancaya were completed in July 2021 with 14 drill holes (DAM-027 to DAM-040). The most significant results were obtained in the Oeste Vein, where two follow-up drill holes confirmed 100 meters of vertical continuity of the structure in the previous drilled sections, whilst a third drill hole (DAM-040) in a section in between, cut the structure in depth where it is observed a narrow structure with a low grade.

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

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

At Veta Este, the continuity of the structure on the proposed strike was not confirmed, as the follow-up program intercepted only narrow veins. The interpretation suggests that it is a gently east dipping splay structure between the North and South veins.

Guanaco District Exploration

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

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

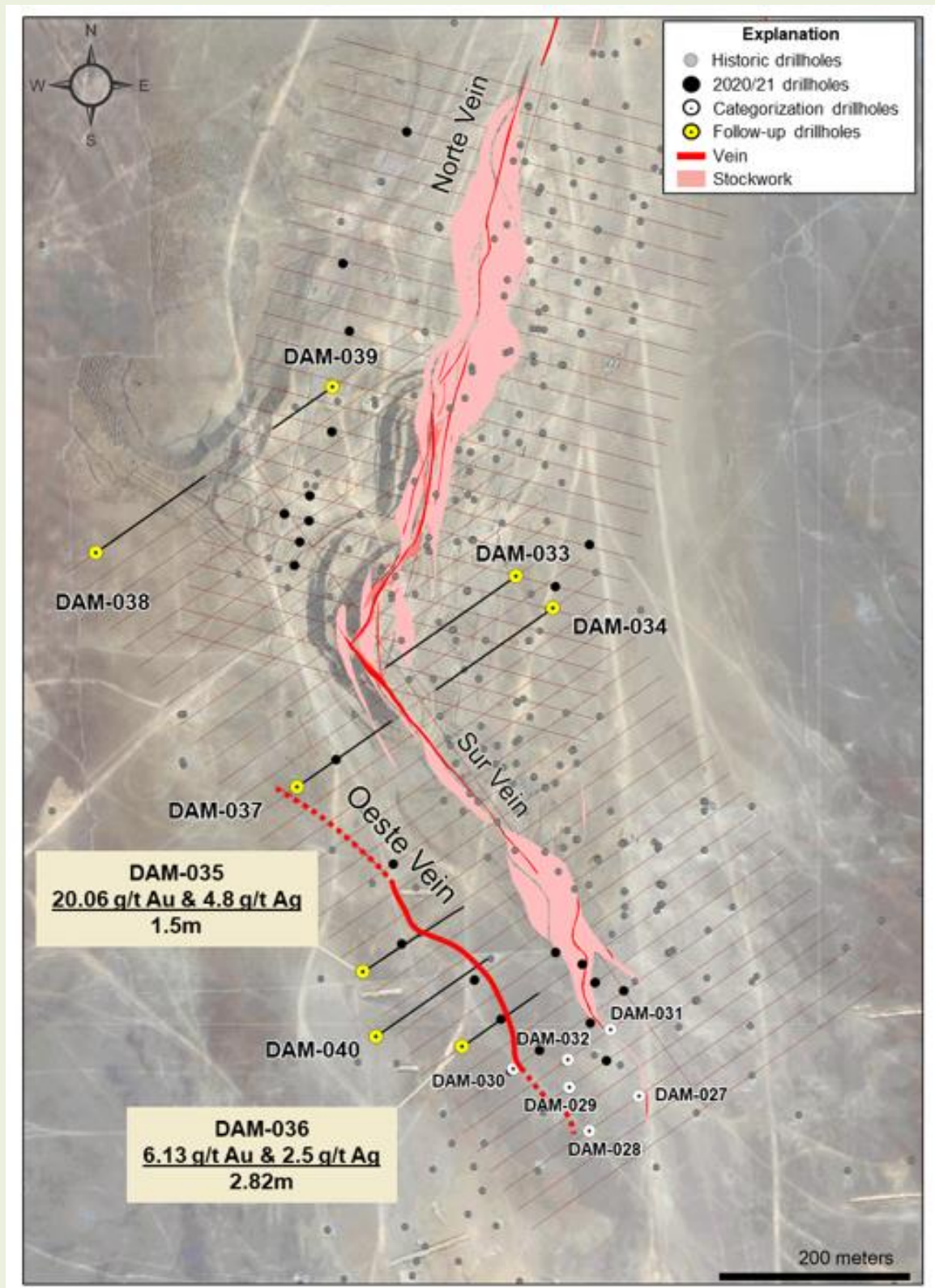
- DIN-018B 98.50 meters @ **19.2 g/t silver**
(Include 24.0 meters @ **51.5 g/t silver** and sub-include 8.20 meters @ 0.25 g/t gold)
- DAM-027 129.00 meters @ **34.0 g/t silver**
(Include 55.0 meters @ **63.6 g/t silver** and sub-include 4.00 meters @ 0.27 g/t gold)

Paleocene HS Districts Exploration

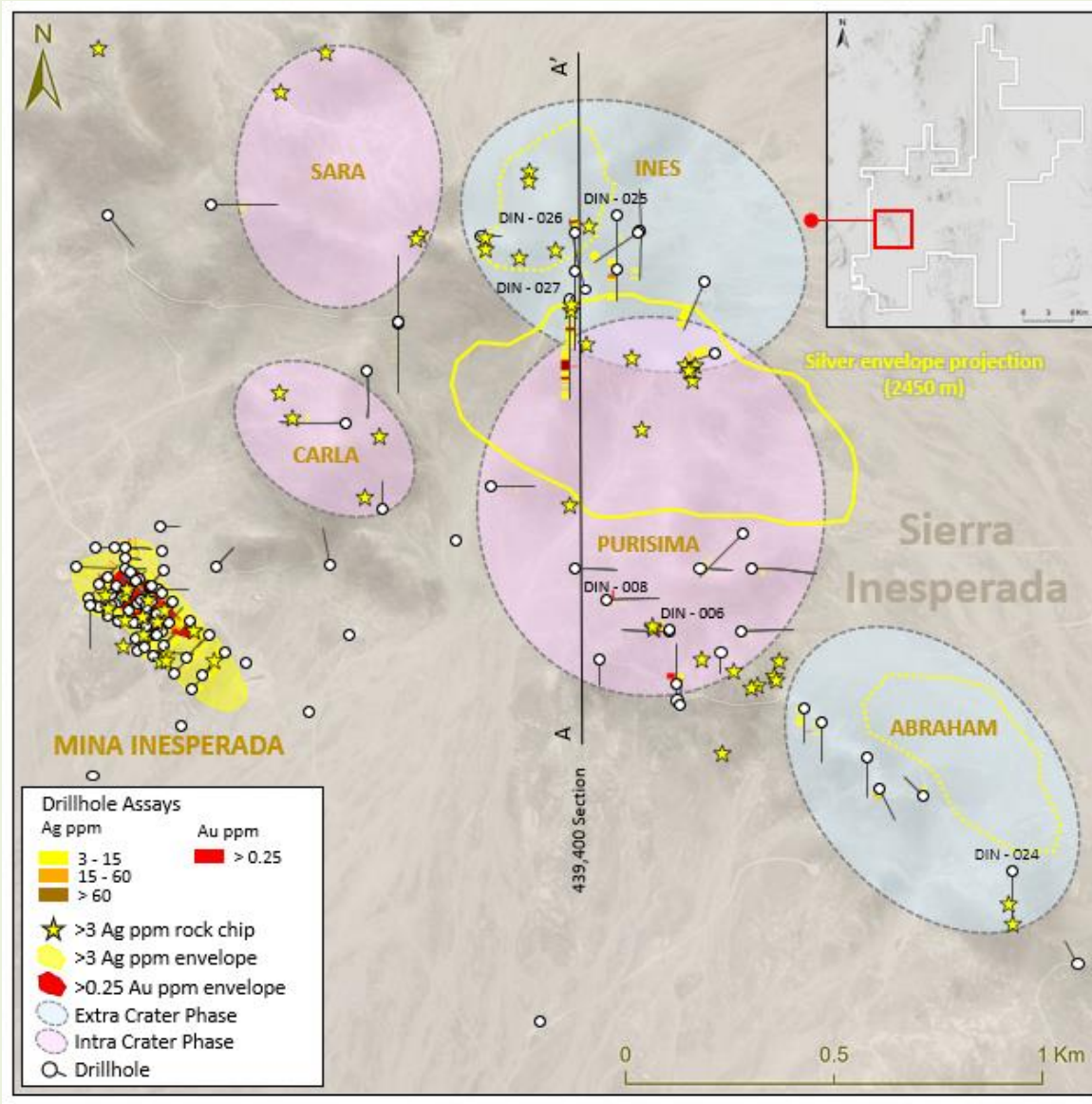
At Cerro Buenos Aires, three drilling targets were defined with delineation activities that included detailed geological mapping, CSAMT geophysical survey and systematic rock geochemistry. A first phase of five drillholes is in execution and preliminary geological drilling results evidence multi-event phreatomagmatic breccias, +300 meters of oxidized HS alteration column including +100 meters of strong silicification and relict vuggy silica.

At Morros Blancos, the targeting process defined three HS prospective areas and delineation began in Rosario del Alto, ranked as the highest potential. Initial geological mapping recognized four maar – diatreme complexes with favorable alteration at the right level preservation. Systematic rock geochemistry and a CSAMT survey commenced and after results are received, we plan to define and execute the drilling program in Q4 2021.

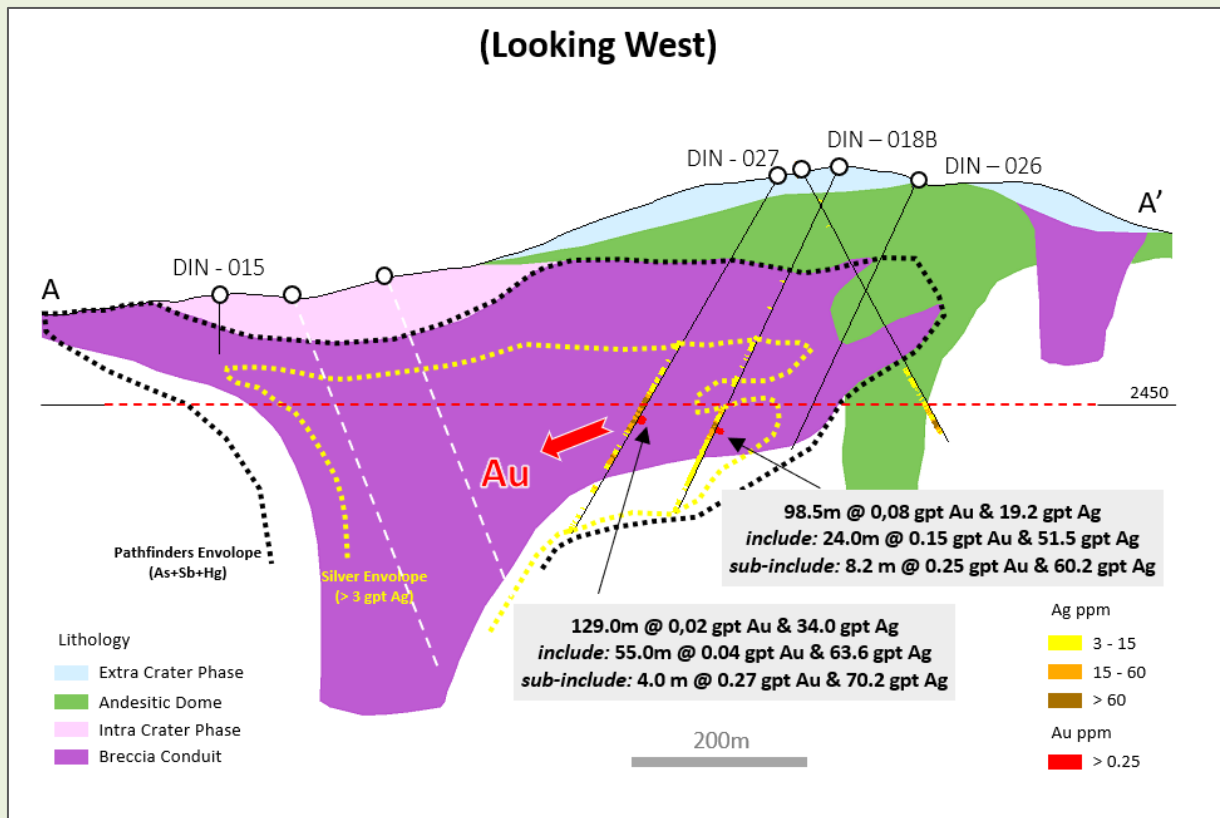
Amancaya: Plan View Map – Follow-up Drilling Program



Sierra Inesperada: Targeting – Discovering a Blind Deposit



Sierra Inesperada: 439,400E Section – Conceptual Model



SIERRA INESPERADA



ARGENTINA

Casposo Mine

Background

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

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

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

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

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

Safety

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

Production

There was no production in Q3 2021.

Casposo - Manantiales Exploration

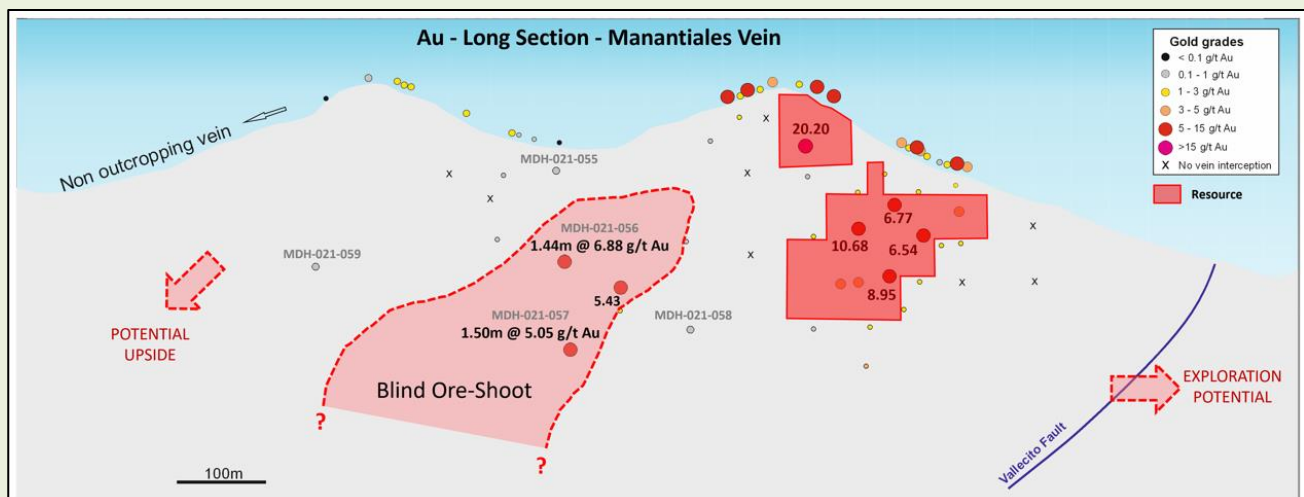
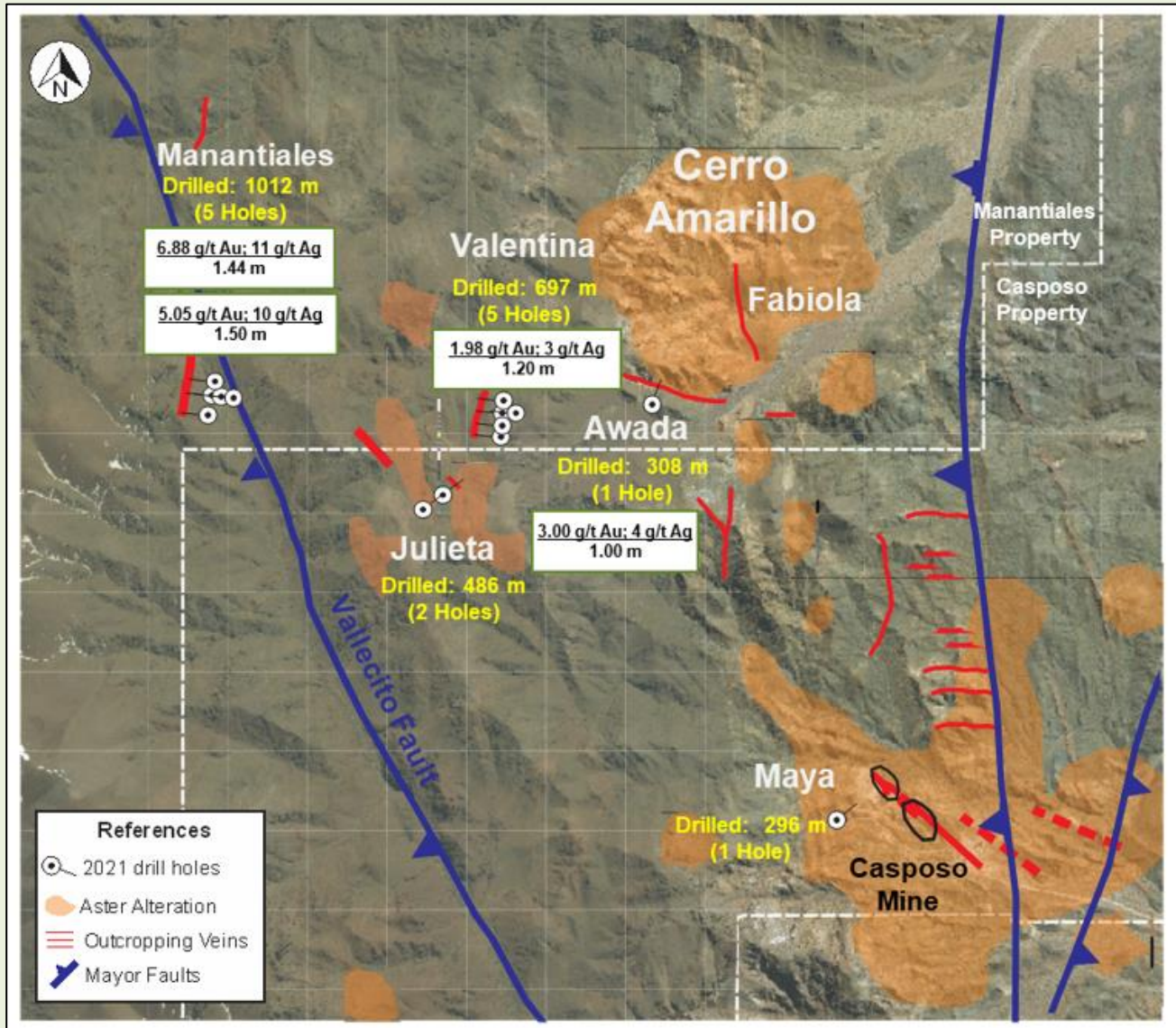
The first phase of drilling was completed in five vein targets including 14 holes in 2,800 meters. At the Manantiales vein, a blind ore-shoot was intercepted opening the upside to the south and the exploration potential to the north in the protected block related to Vallecito reverse fault.

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

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

The holes drilled at Valentina, Julieta, Awada and Maya, did not intercept significant mineralization. However, the composition and textures of the intercepted veins suggest potential at depth. A second drill phase is under review and is expected to be completed during Q4 2021.

Casposo – Manantiales: Targeting – Testing High-grade Vein Systems



MANANTIALES



CERRO AMARILLO



Pingüino and Sierra Blanca Projects

During Q3 2021, the Company obtained 51% of Sierra Blanca as it met its work commitment of US\$100,000 under the acquisition agreement. The Company is now focused on acquiring the next 29% interest which has a work commitment of US\$200,000 in 2022 (of which US\$45,000 has been incurred) and US\$400,000 in 2023.

Preliminary targeting of the district, based on geological mapping, Aster interpretation, and geophysics resulted in a new target structurally protected. The follow-up activities on the new target confirmed favorable alteration related to Dome-Breccia complex. Our planned Q4 2021 activities are focused on relogging and reinterpretation of historical data.

SIERRA BLANCA



United States

Rawhide Mine

Background

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

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

During August 2021, Rawhide raised additional capital which reduced AGNA’s interest to 22.78%. Due to a Covid outbreak at the mine in September 2021, production was impacted, which resulted in Rawhide requested a further capital call of US\$2.4 million on 19 October 2021. AGNA committed its pro rata participation for 243,011.864 units for US\$546,777. Rawhide management advised Austral that they expect the balance of the cash call to be received from the other members in Q4 2021.

Rawhide Operations	Sept 2021 Qtr	June 2021 Qtr	Sept 2020 Qtr
Processed (t)	453,314	562,846	535,166
Gold produced(Oz)	6,904	5,986	6,696
Silver produced(Oz)	24,678	42,131	39,213
Gold-Equivalent (Oz) *	7,195	6,482	7,324

* Rawhide's Au:Ag ratio equaled 85:1 Ag:Au for the September 2021 Quarter, Au:Ag 85:1 for the June 2021 Quarter and Au:Ag 62:1 for the September 2020 Quarter.

Q3 2021 Update

Quarterly production was 7,195 gold equivalent ounces (100% basis) with 1,652 gold equivalent ounces attributed to Austral. This represents an 11% increase over Q2 2021 production.

RWH continued production from the Regent open pit and former heap leach pads during Q3 2021.

During Q3 2021, RWH designed Phase 2 of a new RC (infill) drilling program in the Gateway area to validate the geological resources that were potentially identified in Phase 1 and provided rationale for resource-level drilling in the NW40-trending Gateway corridor.

Ensign Gold (Mercur Project)

Background

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

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

Q3 2021 Update

During July 2021, **Ensign Gold ("Ensign")** raised gross proceeds of US\$7.4 million (C\$9.16 million) through the issuance of equity. As a result of Ensign's financing and other shares issued during Q3 2021, Austral's ownership in Ensign was diluted from 19.9% to 12.22%. **The shares in the financing were issued at C\$0.50/share, a 100% increase from the Austral investment of C\$0.25/share.**

Funds are expected to be used mainly for exploration work commitments (US\$4.8 million (C\$6 million)) over a two-year period and a final cash payment of US\$16 million (C\$20 million) if Ensign exercises the option to acquire Barrick's 2,869 acre of mostly private ground as a result of the option agreement with **Barrick Gold** for US\$0.8 million signed in Q2 2021.

Work on the project is initially focused on reviewing Barrick's historical data and new surface mappings throughout the area including the old Mercur mine pits.

The work is led by geologists with extensive experience in this type of deposit. In parallel, permits have been obtained for the construction of roads and platforms for the drilling scheduled for the second half of July.

During Q3 2021 Ensign commenced its reverse circulation confirmation drilling program, continued mapping and sampling throughout the property, negotiated land acquisitions, and advanced investor relations in advance of its plans for an IPO.

Part of the drill program is focused on confirming mineralization identified from historic drilling that was incorporated into a Leapfrog block model.

Corporate Summary & Financial Performance

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

- **Cash and cash equivalents were US\$2.3 million** and combined with the fair value of ~2,000 unsold and unrefined gold equivalent ounces in inventory totaled US\$5.9 million.
- **Quarterly operating cash flow** before changes in working capital was US\$6.0 million; after considering the changes in working capital the balance was positive US\$4.2 million
- **Net cash used in investing activities** was US\$3.8 million, mainly due to US\$1.7 million for sustaining capital expenditures and US\$2.0 million for exploration activities.
- **Net cash from financing activities** was US\$0.1 million due to the net increase in borrowings.
- **Net financial debt** was US\$8.4 million as of 30 September 2021.



By order of the Board

David Hwang
Company Secretary

Forward Looking Statements

Statements in this quarterly activity report that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this quarterly activity report include the Company's 2021 forecasted production guidance and costs, Rawhide's 2021 forecasted production, action plan to increase production, planned exploration activities in Chile and Argentina in Q4 2021 and that Management continues to evaluate opportunities to expand the mineral resources at the Guanaco and Amancaya mines.

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

Confirmation: For the purposes of ASX Listing Rule 5.23.2, Austral confirms that is not aware of any information or data that materially affects the information included in its press releases dated 19 May 2021 and 26 October 2021.

Compliance Statement

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

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

Sign here:



Date: 29 October 2021

(Company secretary)

Print name:

David Hwang

