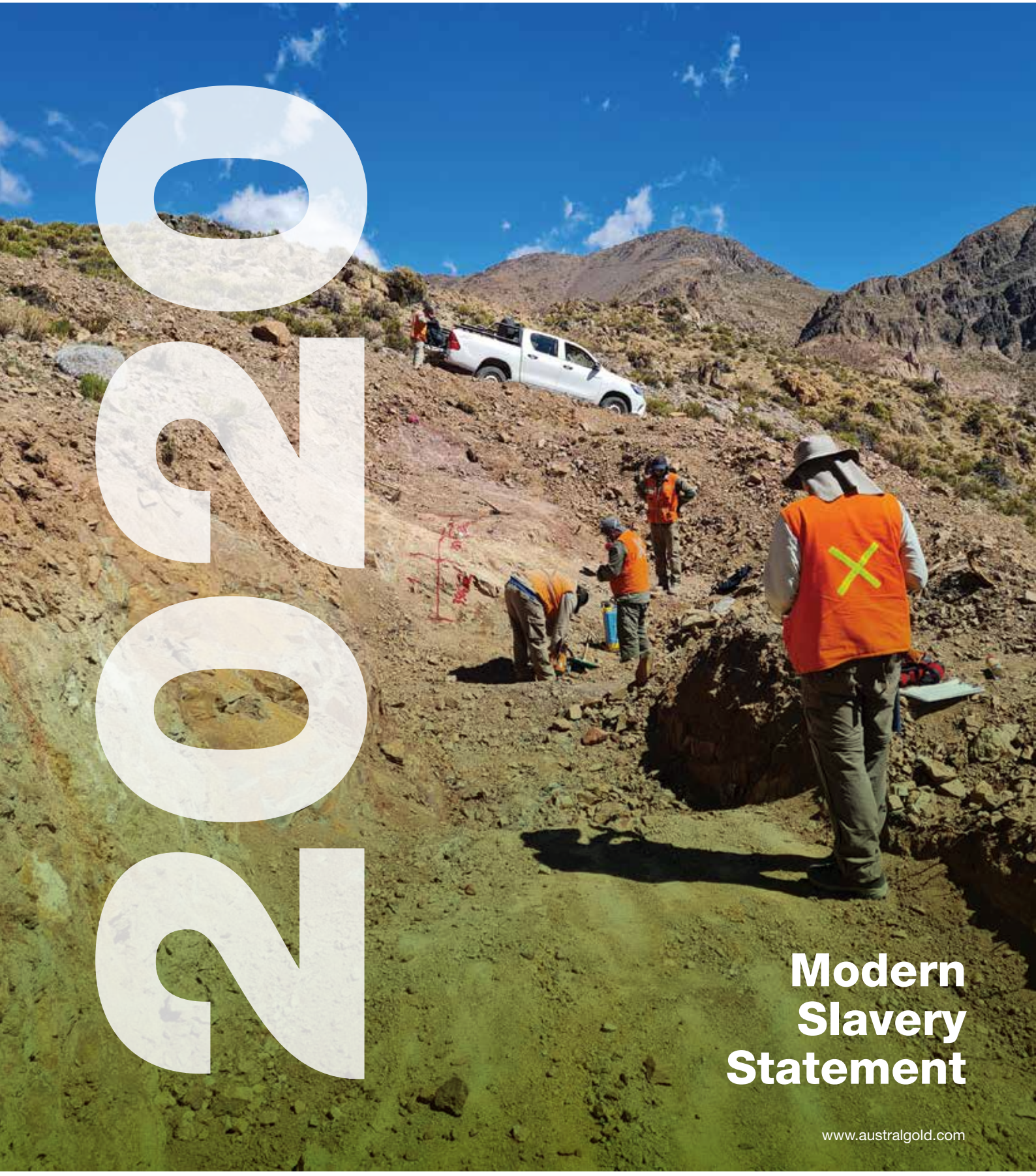
AUSTRALGOLD



2020

Modern Slavery Statement

www.australgold.com

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About This Statement

Austral Gold Limited (Austral) (ABN: 30 075 860 472) is an Australian public company listed on the Australian Stock Exchange (ASX: AGD) and on the TSX Venture Exchange (TSX-V: AGLD). The Company is registered office is located at Level 5, 126 Phillip Street, Sydney, NSW, Australia.

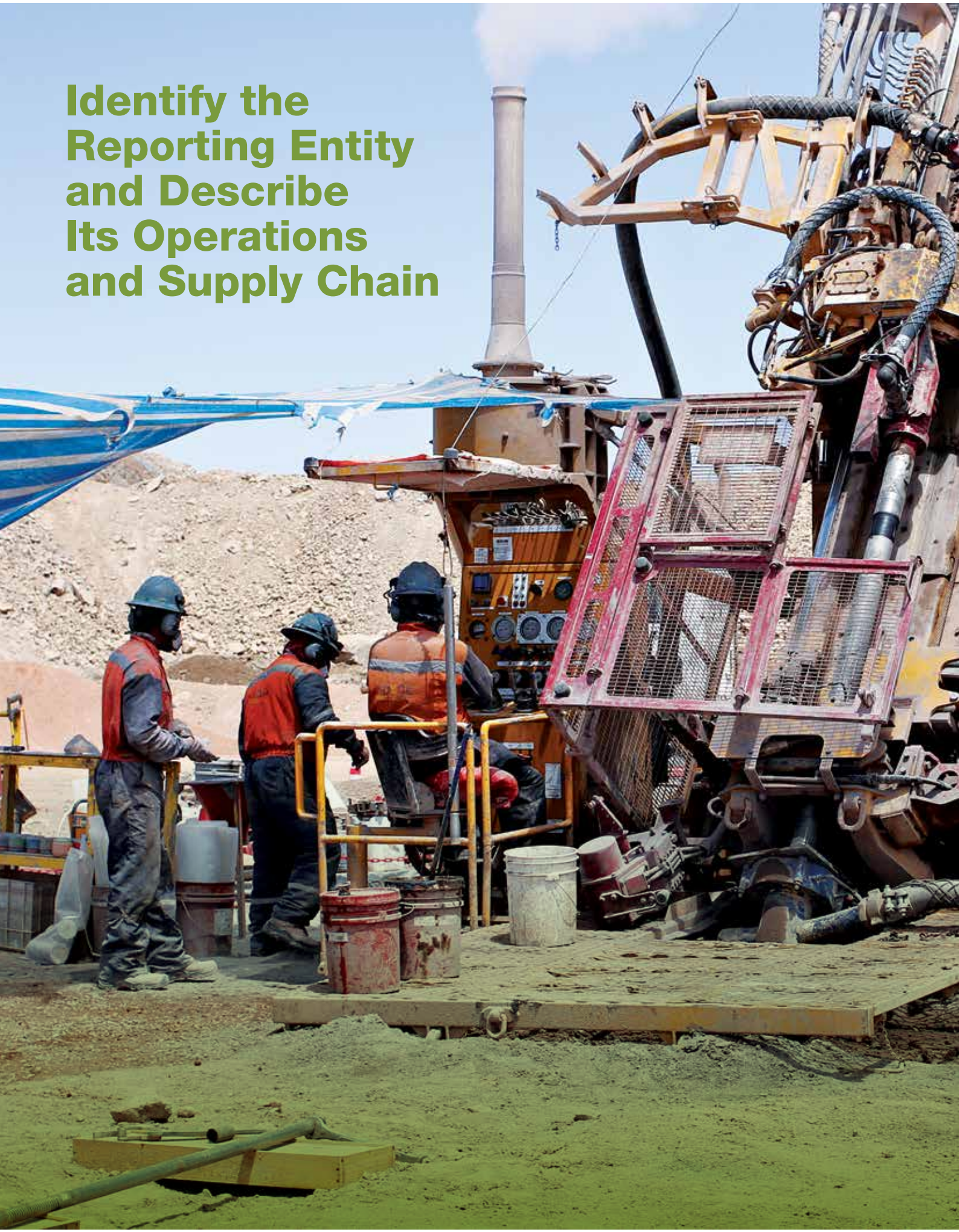
Modern slavery is the term used to describe human trafficking, slavery and slavery-like practices such as servitude, forced labour and debt bondage. The International Labor Organization ("ILO") estimated that in 2017 there were approximately 40 million victims a year of which 25 million people are in forced labour and 15 million people are in forced marriages.

Austral's Modern Slavery Statement is for the financial year commencing 1 January 2020 and ending 31 December 2020 (FY2020). This Statement is made pursuant to the Australian Modern Slavery Act (Cth) 2018 (the Australian Act) and has been approved by the Board of Austral Gold Limited.

The Modern Slavery Statement was approved by Austral Gold's principal governing body, its Board of Directors, on 25 June 2021.

José Bordogna
Chief Financial Officer

Identify the Reporting Entity and Describe Its Operations and Supply Chain



KEY PRINCIPLES

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

Be the preferred partner for companies, communities and governments to operate precious metal projects in the Americas: currently focused on Chile, Argentina and the USA

Maximize Value Creation for Stakeholders

Our Operations

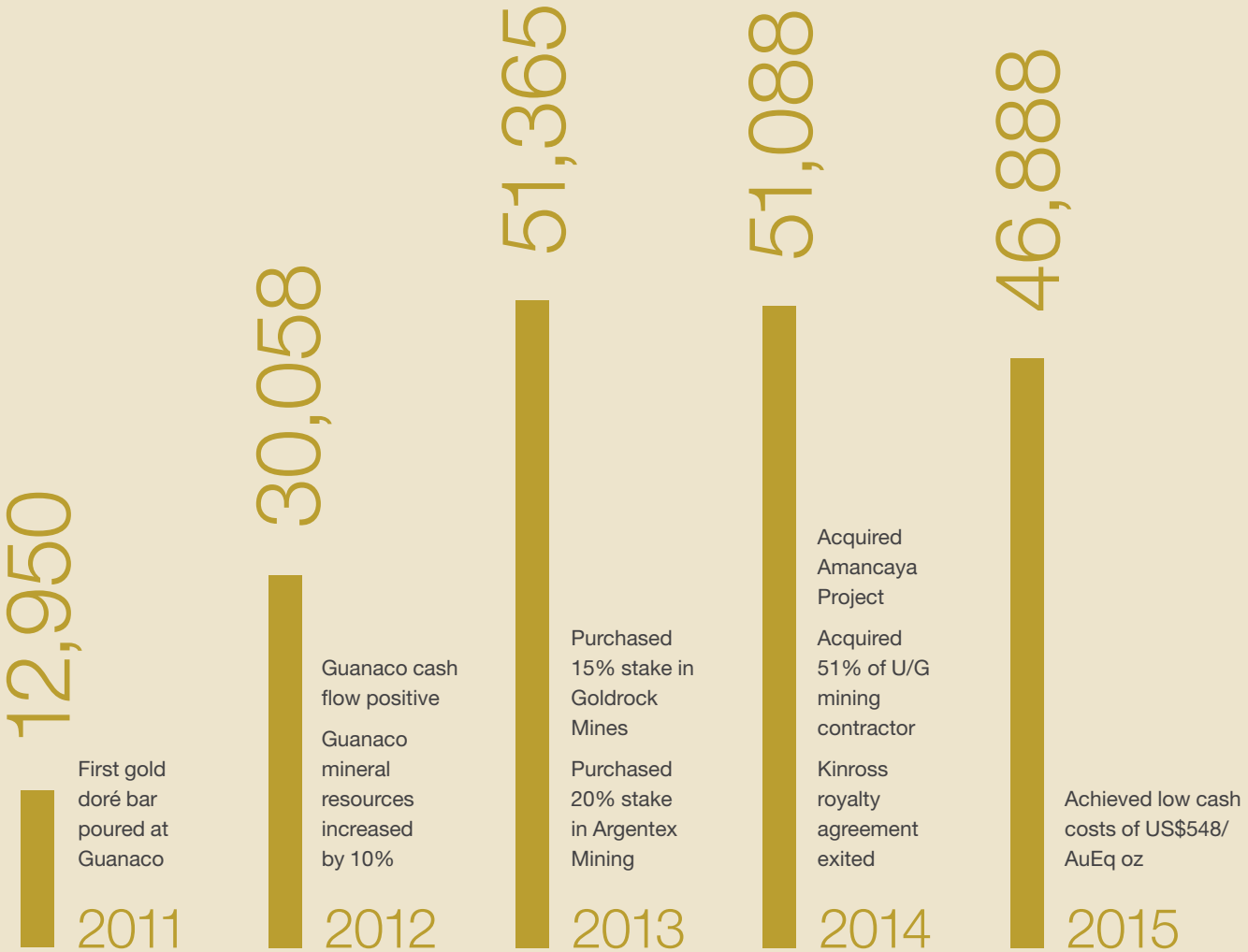
Austral is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (currently on care and maintenance) in Argentina, and a non-controlling interest in the Rawhide Mine in Nevada, 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 non-controlling interest in Pampa Metals and in Ensign Gold, and a 100% interest in the Pingüino project in Santa Cruz, Argentina. Austral also holds exploration option agreements with optionees in Chile and Argentina.

Production during FY20 at Guanaco/Amancaya was 55,190 gold equivalent ounces (52,306 gold ounces and 253,066 silver ounces) at a cash cost of US$723 per gold equivalent ounce.

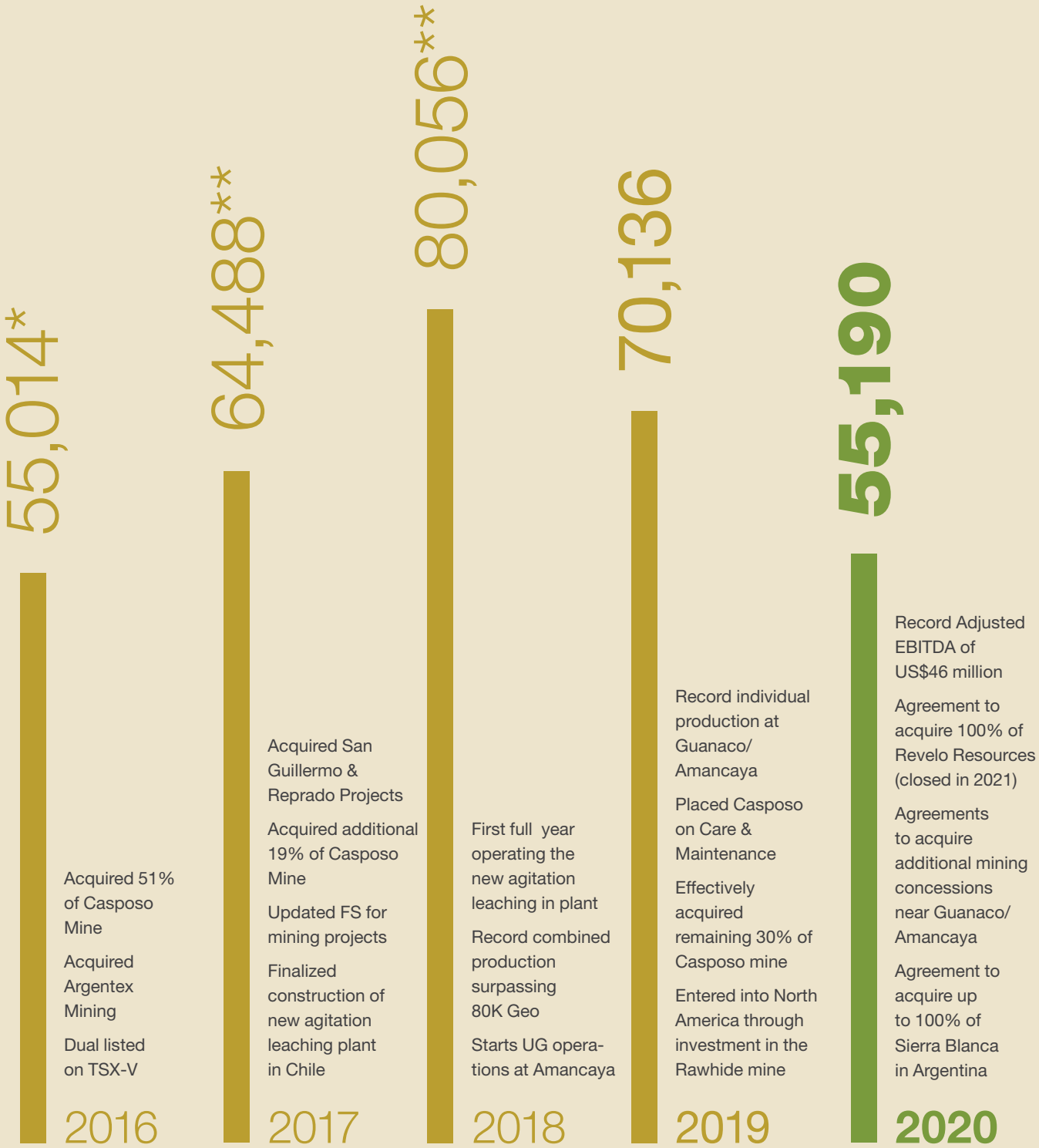
During the year ended 31 December 2020, mining continued at the Guanaco underground operations with a total of 2,928 tonnes mined while 193,266 tonnes were mined at the Amancaya underground operations. The geological team continues to investigate opportunities to extend both the life of mine of the Guanaco deposit (reserves depleted during 2018) and the Amancaya deposit. Adjusted 2020 EBITDA increased to US$46.0m (52%) and revenue totaled approximately A$128 million (US$88 million).

Additional information can be found in Austral's 2020 annual report and on its website at https://www.australgold.com/financial-reports/.

Austral Gold has produced over 500,000 gold equivalent ounces over the last ten years. Sound cash flows have funded Austral's growth initiatives



* Includes production from Casposo (51%) ** Includes production from Casposo (70%)


55,014*
Acquired 51% of Casposo Mine
Acquired Argentex Mining
Dual listed on TSX-V
2016
64,488**
Acquired San Guillermo & Reprado Projects
Acquired additional 19% of Casposo Mine
Updated FS for mining projects
Finalized construction of new agitation leaching plant in Chile
2017
80,056**
First full year operating the new agitation leaching in plant
Record combined production surpassing 80K Geo
Starts UG operations at Amancaya
2018
70,136
Record individual production at Guanaco/ Amancaya
Placed Casposo on Care & Maintenance
Effectively acquired remaining 30% of Casposo mine
Entered into North America through investment in the Rawhide mine
2019
55,190
Record Adjusted EBITDA of US$46 million
Agreement to acquire 100% of Revelo Resources (closed in 2021)
Agreements to acquire additional mining concessions near Guanaco/ Amancaya
Agreement to acquire up to 100% of Sierra Blanca in Argentina
2020

Our Business

Austral has an experienced board and management and a track record of low gold production costs. In addition, it has a unique organic growth strategy focused on Tier 1 or Tier 2 gold deposits.

EQUITY INVESTMENTS

We hold interests in assets that are not operated by Austral including:

1. Interest in the Rawhide Mine 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
2. Interest in in Ensign Gold. Ensign is currently assembling a 5,000-hectare land package on favourable Carlin-type gold deposit geology in the state of Utah with the goal of consolidating the Mercur camp for the first time. Ensign owns 54 patented claims, 370 unpatented claims, and 5 SITLA claims on South Mercur, West Mercur and North Mercur
3. Interest in Pampa Metals Corp. a Canadian company listed on the Canadian Stock Exchange (CSE: PM) as well as the Frankfurt (FSE: FIRA) and OTC (OTCPK: PMMCF) exchanges. Pampa Metals owns a highly prospective 59,000-hectare portfolio of eight projects for copper and gold located along proven mineral belts in Chile, one of the world's top mining jurisdictions.

OUR SUPPLY CHAIN

Exploration and discovery

- Drilling contractors
- Geological services and consultants
- Analytical laboratories

Mining

- Underground contractors
- Equipment and maintenance services
- Materials and spare parts

Transportation

- Freight (carrier)
- Customs agents

Corporate and Administration

- Advisory and regulatory services
- Consulting

Processing

- Chemical and reagent suppliers
- Lab services and testing
- Mill and grinding consumables.

Support Services

- Employees transportation and catering services
- Utility providers (power, water, gas, communication etc.)
- Engineering and fabrication services
- Parts and consumable suppliers
- Cleaning and waste management
- Legal and specialist support

OUR SUPPLY CHAIN

Our goal is to create sustainable value for our shareholders, employees, and social partners through safe and responsible mining practices. We are mindful of the impact our activities may have on the communities and environments in which we operate.

We are committed to supporting local suppliers and contractors that have businesses in the regions in which we operate. Our procurement teams actively source from local suppliers and contractors and include them in sourcing activities where their technical skills and capability are assessed to meet our business requirements.

Our total purchases in FY20 were approximately A$73 million, with A$72.5 million in payments being made to suppliers and A$0.5 million to suppliers and contractors supporting our Australian operations.

In FY20, over 91% of our direct procurement spend occurred with Chilean suppliers with the balance being international.

We paid 842 suppliers approximately AUD $73 million in the following countries

Country	Millions of AUD$	Percentage (%)
Chile	66.6	91.4
Argentina	4.1	5.6
USA	1.3	1.8
Australia	0.6	0.8
Other	0.4	0.5
Total	**73.0**	**100**

Risks of modern slavery practices in operations and supply chains

IDENTIFICATION, ASSESSMENT AND MITIGATION OF MODERN SLAVERY RISKS

Austral assesses the risk of modern slavery in its supplier supply chain and the requirement to be vigilant in identifying where there is the potential to cause, contribute to, or be directly linked to modern slavery activities.

OPERATIONAL AND SUPPLY CHAIN RISKS

The locations of Austral's mining operations are not considered to be high risk for modern slavery, with the most relevant areas for human rights within our operations being personal protective equipment (PPE), labour conditions, and the rights of surrounding communities. We understand that companies can inadvertently elevate the risk of human exploitation by placing unreasonable demands on suppliers. This is considered when engaging with suppliers.

RISKS IN OUR OPERATIONS

We have a global footprint with operations and offices across the world. As we conduct business activities in countries that have a heightened potential for modern slavery and adverse human rights impacts, a preliminary risk assessment was conducted identifying the following areas of risk:

Operational risk type	FY2020 risk profile
Operations and/or offices in countries with increased human rights risks	None. Primarily operate in Chile and Argentina
Equity Investments in entities operating in countries with increased human rights risks	We have three equity investments globally, however the entities we have investments in are located in low-risk countries
Exploration earn-in agreements	Option agreements in Chile and Argentina
Customers operating in countries with increased human rights risks	Due to the nature of our product, we already have a significant risk assessment and screening process in place for customers as part of mitigating actions to address material risks. We will review to determine whether modern slavery risks are adequately covered by existing risk management processes with our three customers of which two are in the US and one is in Switzerland

Actions taken by Austral any entities that Austral owns or controls to assess and address these risks, including due diligence and remediation processes.

CORPORATE GOVERNANCE

The Board has ultimate oversight of legislative compliance for the Austral Group.

We comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) unless disclosed otherwise. Our full Corporate Governance Statement is available on our website at https://www.australgold.com/corporate-governance-statement/

Code of Conduct

Our code of conduct applies to Austral Gold directors, officers, employees, contractors, suppliers and consultants.

Our Code is shaped around our values including our commitment to Respect and value for all. We expect individuals and entities to which Our Code applies to ensure they:

- respect the rights of others
- uphold human rights at work
- work with and support our communities
- Our policies are available on our website at http://www.australgold.com/policies/

Whistleblower policy

- Provides information and assistance to whistleblowers or people considering reporting
- Reviews and provides advice to investigators on how to implement practical steps to protect whistleblowers from detriment, and
- Escalates matters appropriate to the Board

Strengthening Supplier Contracts

One of the ways in which we articulate our human rights expectations and control the potential risk of modern slavery arising in our supply chain is through our contracting process with our suppliers. We plan to implement modern slavery specific provisions in our procurement contracts and vendor trading terms.

Our supplier contracts require compliance with stringent safety, environment, social criteria and adherence to our policies and standards.

This was evidenced through the response to the pandemic where there was also added focus regarding supply chain assurance and sourcing of personal protective equipment (PPE) for our business. The Austral team assessed at risk supply chains and increased communication to manage any exposures to the potential risks of supply disruptions. Measures were put in place to mitigate the risk of transmission of COVID-19 into our operations and we have worked with our suppliers to instigate controls to manage potential exposure to the virus. Austral has existing relationships with most of these suppliers which helped to manage the risk of new supply chains with unknown risk of modern slavery.

Assessing Effectiveness

As we evolve our approach over the coming year, we are committed to reviewing the effectiveness of our Modern Slavery Risk Management program by:

- assessing our governance approach, policies and procedures to ensure we effectively address risk of modern slavery within our operations and supply chain
- reviewing our risk assessment approach and associated controls within our operations and supply chain in line with global best practice
- responding promptly to investigate complaints and grievances raised through Austral's mechanisms for reporting potential issues

PROCESS OF CONSULTATION WITH OUR SUBSIDIARY ENTITIES IN PREPARING THE MODERN SLAVERY STATEMENT

Austral Gold has several wholly owned subsidiaries and the companies operate as a consolidated group under common company policies with common governance and oversight in relation to modern slavery.

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