MEDIA RELEASE

Austral Gold Limited

30 July 2021

Austral Gold Announces Filing of Q2 2021 Quarterly Activity Report

Austral Gold Limited (the "Company") (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Q2 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.

Chief Executive Officer, Stabro Kasaneva commented" "We have seen consistent monthly improvements at the Guanaco-Amancaya mine complex and expect production to gradually increase to achieve our annual guidance of 45,000-50,000 gold equivalent ounces. Our focus in 2021 is to extend the mine life at this operation. During the second quarter, we discovered two new veins at Amancaya as previously disclosed on 19 May 2021 and have extended the Central Vein at depth. We also continue to target high sulfidation gold and silver Tier 1 deposits in the Paleocene Belt in Chile consistent with our exploration strategy disclosed in our FY 2020 annual report. We currently have four exploration HS projects in the belt; Sierra Inesperada, Cerro Buenos Aires, and now an option agreement on Morros Blancos (adjacent to Amancaya) and Cerro Blanco. Additionally, we are drill testing Sierra Inesperada and plan to start drilling at Cerro Buenos Aires in September 2021."

Key quarterly highlights are as follows:

- **Q2 2021 production gradually improving after completion of outsourcing to new UG mine contractor at Amancaya. A total of 8,351 gold equivalent ounces** ("GEOs") (7,966 gold ounces and 26,332 silver ounces) were produced during the quarter, a 78% increase from Q1 2021.
- **Cost of production ("C1") per GEO reduction to US$1,115 in Q2 2021, a 29% decrease from US$1,574 in Q1 2021** while all-in-sustaining cost ("AISC") was US$1,647 in Q2 2021, a 38% decrease from US$2,659 in Q1 2021. The quarterly average GEO selling price was US$1,830/oz.
- As previously announced in the Company's March 2021 quarterly activity report, the Company expects production to increase during the second half of the year and meet its 45,000-50,000 GEOs guidance provided for 2021. Consequently, we forecast average annual 2021 C1 and AISC per GEO to decrease to a range of US$850-US$950 and US$1,050- US$1,150 per GEO, respectively.

- **Operating cash flow before changes in working capital was positive at US$3.3 million during Q2 2021** following the sale of 6,856 GEOs for proceeds of US$12.5 million. Cash at the end of the quarter was US$1.8 million and combined with the fair value of unsold ~2,000 gold ounces in inventory totaled US$5.4 million.
- Continued focusing on exploration and organic growth at its flagship Guanaco/Amancaya mine complex and discovered two new veins. Highlights from reported assays reported in our 19 May 2021 media release include:
    - DAM-024 2.41 meters @ 10.19 g/t gold and 55.2 g/t silver
    - DAM-026 1.17 meters @ 24.98 g/t gold and 77.3 g/t silver
    - DAM-019 4.27 meters @ 7.81 g/t gold and 33.0 g/t silver
    - DAM-016 1.8 meters @ 3.1 g/t gold and 1.5 g/t silver
- The work commitment program at Sierra Blanca project in Santa Cruz, Argentina, continued in accordance with the Option Agreement executed with New Dimension Resources on 13 October 2020.
- All resolutions were passed at the Company's 27 April 2021 Annual General Meeting.
- **Executed an Option agreement with Pampa Metals where Austral may acquire up to an 80% interest in the Cerro Blanco and Morros Blancos properties (Chile) held by Pampa Metals.** Further details are provided in the Company's 28 July 2021 announcement.
- At the end of Q2 2021, **Austral participated in a cash call by Rawhide Acquisition Holding LLC ("Rawhide")** and invested US$1 million. Austral's equity interest in Rawhide is now 23.25%.
- **Ensign Gold ("Ensign")** executed an option agreement with **Barrick Gold** for US$0.8 million (CDN$1.0 million) paid on signing, US$4.8 million (C$6 million) in exploration work commitments 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. Barrick retained royalties over the properties under the agreement and was granted 3 million warrants at C$0.25 per share. The transaction would allow Ensign to fully consolidate the Mercur project. During July 2021, Ensign raised gross proceeds of US$7.4 million (C$9.16 million) through the issuance of equity. As a result of the financing, Austral´s ownership in Ensign was diluted from 19.9% to 12.3%. **The shares in the financing were issued at C$0.50/share, a 100% increase from the Austral investment of C$0.25/share.**

About Austral Gold

Austral Gold Limited is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns 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 non-controlling interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V: AGLD) and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at www.australgold.com.

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

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

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JUNE 2021

Quarterly Activity Report

KEY QUARTERLY HIGHLIGHTS

- **Q2 2021 production gradually improving after completion of outsourcing to new UG mine contractor at Amancaya. A total of 8,351 gold equivalent ounces** ("GEOs") (7,966 gold ounces and 26,332 silver ounces) were produced during the quarter, a 78% increase from Q1 2021.
- **Cost of production ("C1") per GEO reduction to US$1,115 in Q2 2021, a 29% decrease from US$1,574 in Q1 2021** while all-in-sustaining cost ("AISC") was US$1,647 in Q2 2021, a 38% decrease from US$2,659 in Q1 2021. The quarterly average GEO selling price was US$1,830/oz.
- As previously announced in the Company's March 2021 quarterly activity report, the Company expects production to increase during the second half of the year and meet its 45,000-50,000 GEOs guidance provided for 2021. Consequently, we forecast average annual 2021 C1 and AISC per GEO to decrease to a range of US$850-US$950 and US$1,050- US$1,150 per GEO, respectively.
- **Operating cash flow before changes in working capital was positive at US$3.3 million during Q2 2021** following the sale of 6,856 GEOs for proceeds of US$12.5 million. Cash at the end of the quarter was US$1.8 million and combined with the fair value of unsold ~2,000 gold ounces in inventory totaled US$5.4 million.

- Continued focusing on exploration and organic growth at its flagship Guanaco/Amancaya mine complex and discovered two new veins. Highlights from reported assays reported in our 19 May 2021 media release include:
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- All resolutions were passed at the Company's 27 April 2021 Annual General Meeting.
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- At the end of Q2 2021, **Austral participated in a cash call by Rawhide Acquisition Holding LLC ("Rawhide")** and invested US$1 million. Austral's equity interest in Rawhide is now 23.25%.
- **Ensign Gold ("Ensign")** executed an option agreement with **Barrick Gold** for US$0.8 million (CDN$1.0 million) paid on signing, US$4.8 million (C$6 million) in exploration work commitments 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. Barrick retained royalties over the properties under the agreement and was granted 3 million warrants at C$0.25 per share. The transaction would allow Ensign to fully consolidate the Mercur project. During July 2021, Ensign raised gross proceeds of US$7.4 million (C$9.16 million) through the issuance of equity. As a result of the financing, Austral´s ownership in Ensign was diluted from 19.9% to 12.3%. **The shares in the financing were issued at C$0.50/share, a 100% increase from the Austral investment of C$0.25/share.**

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 quarter totaled 8,351 GEOs** (or 7,966 gold ounces and 26,332 silver ounces), a 78% **increase from the March 2021 quarter and a 9% decrease from the June 2020 quarter.**
- The increase in production during the June 2021 quarter from the March 2021 quarter was mainly due to completing the transition to the new mining contractor during the March 2021 quarter and the resolution of the issues that affected the restart of the Amancaya underground operation in Q1 2021. The decrease in production of approximately 9% from the June 2020 quarter was mainly due to lower gold grades in June 2021 as mine throughout was slightly higher than that of previous year.
- Q2 2021 production was lower than budgeted mainly due to the lower availability of mining equipment availability, lower gold grades at Amancaya and tailing issues that resulted in the shutdown of the plant for 12 days during June. Tailing filters 1 & 3 were working well by the end of the month and tailing filter 2 is expected to be placed into full service after the new plates arrive in late July. **The Company expects monthly production to increase during the second half of the year.**
- **Rawhide production (100% basis) during the June 2021 quarter totaled 6,482 GEOs representing an 11% increase from March 2021 quarterly production of 5,859 GEOs**. The Company´s June 2021 quarterly share of production was 1,715 gold equivalent ounces compared to the March 2021 quarterly share of production of 1,550 gold equivalent ounces. On 30 June 2021, Austral´s interest in the Rawhide Mine decreased to 23.25% from 26.46% as of December 2020 as it invested US$1 million in Rawhide's US$~5 million capital raise including the US$1.5M contributed in March 2021 as announced in previous quarterly report which was applied to and included in the total capital raise.

Quarterly Production figures

Operations	Guanaco/ Amancaya Mines			Rawhide*			Net to Austral		
	June Qtr 2021	Mar Qtr 2021	June Qtr 2020	June Qtr 2021	Mar Qtr 2021 ***	June Qtr 2020	June Qtr 2021	Mar Qtr 2021	June Qtr 2020
Processed (t)	42,969	26,180	37,278	562,846	546,955	350,113	191,898	170,904	125,875
Gold produced (Oz)	7,966	4,450	8,808	5,986	5,363	7,279	9,550	5,869	10,650
Silver produced (Oz)	26,332	16,031	42,227	42,131	42,173	44,739	37,480	27,190	53,548
Gold-Equivalent (Oz) **	**8,351**	**4,684**	**9,206**	**6,482**	**5,859**	**7,805**	**10,066**	**6,234**	**11,181**

* Quarterly Weighted average of 26.46% (March 2021-26.46% and June 2020-25.31%). March 2021 revised from 26.07% in the March 2021 Quarterly Report as cash from partners received in March 2021 accounted for as a June 30, 2021 capital contribution.

** Au:Ag ratio is calculated at 68:1 Ag:Au for the June 2021 Quarter; 69:1 Au:Ag for the March 2021 Quarter; 106:1 Au:Ag for the June 2020 Quarter. Rawhide's Au:Ag ratio equaled 85:1 for the June 2021 Quarter, Au:Ag 85:1 for the March 2021 Quarter and Au:Ag 85:1 for the June 2020 Quarter.

***Restated from the March 2021 quarterly report

Forecasted Calendar 2021 Production:

- **Production guidance for 2021 for the Guanaco and Amancaya Mine complex remained in the range of 45,000-50,000 gold-equivalent ounces** with C1 and AISC to be in the range of US$850 to US$950 and US$1,050 to US$1,150 per GEO, respectively.
- Production guidance for 2021 provided by Rawhide remains unchanged at 30,000 gold equivalent ounces.

AMANCAYA UG MINE

EXPLORATION

- During Q2 2021, the exploration activities continued to focus on the drilling campaigns at Amancaya and Sierra Inesperada, the definition of the drilling targets at Cerro Buenos Aires (purchase option executed in December 2020) in Chile, and drilling campaigns at the Manantiales - Casposo district in the San Juan Province, Argentina.
- Significant results were obtained from the deep drilling campaign of the Amancaya Vein System as announced on 19 May 2021. Two new veins, the Oeste and Este veins were discovered and a follow-up program has been completed. The final results of the latest drill holes are expected to be received during Q3 2021.
- The Company commenced its Phase I DDH program of 3,600 meters in the Manantiales - Casposo District with a total of 1,599 meters drilled in the target areas of Manantiales, Valentina and Julieta during Q2 2021.This also included the construction of 15 km of access roads to the exploration targets.
- During Q2 2021, the Company continued with its work commitment activities at Sierra Blanca (Santa Cruz, Argentina) which will result in a district targeting and a delineation drilling program.

FINANCIALS

- **At the end of Q2 2021, cash and cash equivalents were US$1.8 million and combined with the fair value of ~2,000 unsold and unrefined gold equivalent ounces in inventory totaled US$5.4 million**. The table below summarizes the quarterly cash flow compared to the March 2021 quarter and prior year quarter ended June 2020.

Cash Flow (US$´M)	June 2021 Qtr	Mar 2021 Qtr*	June 2020 Qtr
Operating Cash flow before change in working capital	3.3	2.7	7.9
Changes in working capital	(4.8)	1.8	1.8
Operating cash flow after change in working capital	(1. 5)	4.5	9.7
Net cash used in investing activities	(4.1)	(6.8)	(5.2)
Net cash from (used in) financing activities	2.1	(4.8)	(1.4)
Net (decrease) increase in cash	(3.5)	(7.1)	3.1
Cash beginning of period	5.3	12.4	6.6
Cash end of period	1.8	5.3	9.7

*Differs from disclosure in March 2021 quarterly activity report due to reallocations.

- **Operating cash flow** before changes in working capital during Q2 2021 was affected by the low production but was positive US$3.3 million; after considering the changes in working capital the balance was negative US$1.5 million. The change in working capital during Q2 2021 was mainly as a result of the payment of the US$6 million annual income tax payable recorded at the end of December 2020 partially offset by deferred revenue of US$1.6 million and an increase in liabilities of US$2.0 million.
- **Net cash used in investing activities** was US$4.1 million, mainly due to US$1.8 million for sustaining capital expenditures, US$1.7 million for exploration activities and US$1.0 million for its investment in Rawhide. These expenditures were partially offset by US$0.3 million received on the sale of the remaining shares of Fortuna Silver Mines Inc (TSX:FVI | NYSE: FMS) held by Austral as the result of its former investment in Goldrock Mines Corp.
- **Net cash from financing activities** was US$2.1 million due to the net increase in borrowings. During Q2 2021, the Company obtained a US$3.5 million 6-month pre-export facility (2.3% interest rate).

The table below summarizes the net financial debt position.

Net Financial Debt Position (US$´M)	June 2021 *	March 2021	June 2020 *
Cash & Cash Equivalents **	1.8	5.3	9.7
Financial Debt ***	10.1	7.5	12.9
Net Financial Debt	8.3	2.2	3.2

* Consolidated unaudited figures
** Includes short-term investments that mature in less than 90 days
*** Includes Borrowings and Financial leases

- **As of 30 June 2021, consolidated financial debt was US$10.1 million**, a net increase of US$2.6 million from 31 March 2021 and a net decrease of US$2.8 million from 30 June 2020. At the end of Q2, the total financial debt of US$10.1 million was comprised by US$7.2 million of short-term debt and US$2.9 million of long-term debt.

Guanaco & Amancaya Mines
Antofagasta, Chile

100% Interest

Casposo Mine
San Juan, Argentina

100% Interest

Pingüino Project
Santa Cruz, Argentina

100% Interest

Rawhide Mine
Fallon Nevada, USA

23.25% Interest

Mercur Project
Utah, USA

12.3% Interest

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 23.25% interest in the Rawhide Mine in Nevada and 19.9% 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 no lost-time accidents (LTA) and five 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

June 2021 quarterly production at Guanaco/Amancaya **increased by 78% to 8,351 GEOs** (7,966 gold ounces and 26,332 silver ounces) from 4,684 GEOs (4,450 gold ounces and 16,031 silver ounces) during the March 2021 quarter and decreased **by 9%** from 9.206 GEOs (8,808 gold ounces and 42,227 silver ounces) during the June 2020 quarter. The cost of production ("C1") and the all-in sustaining cost ("AISC") at Guanaco/Amancaya in the June 2021 quarter decreased to US$1,115 per GEO and US$1,647 per GEO respectively from US$1,574 per GEO and US$2,659 per GEO during the March 2021 quarter. The reasons for the change in quarterly production is discussed on page 2 under **Production**. **The Company forecasts monthly production to increase during the second half of the year which it expects would decrease the C1 and AISC per GEO**.

Mining

During the June 2021 quarter, 47,124 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to extend the life of mine of the Guanaco and Amancaya mines.

Operations	Guanaco/Amancaya Quarter ended		
	June 2021	March 2021	June 2020
Processed (t)	42,969	26,180	32,278
Average Plant Grade (g/t Au)	5.7	5.3	9.5
Average Plant Grade (g/t Ag)	19.9	21.7	46.3
Gold produced (Oz)	7,966	4,450	8,808
Silver produced (Oz)	26,332	16,031	42,227
Gold-Equivalent (Oz) ***	8,351	4,684	9,206
C1 Cost of Production (US$/AuEq Oz) *	1,115	1,574	874
All-in Sustaining Cost (US$/Au Oz) *	1,647	2,659	1,255
Realised gold price (US$/Au Oz)	1,830	1,781	1,717
Realised silver price (US$/Ag Oz)	27	26	18

* 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 68:1 Ag:Au for the 30 June 2021 quarter 69:1 for the 31 March 2021 quarter and 106:1 Ag:Au for the 31 June 2020 quarter

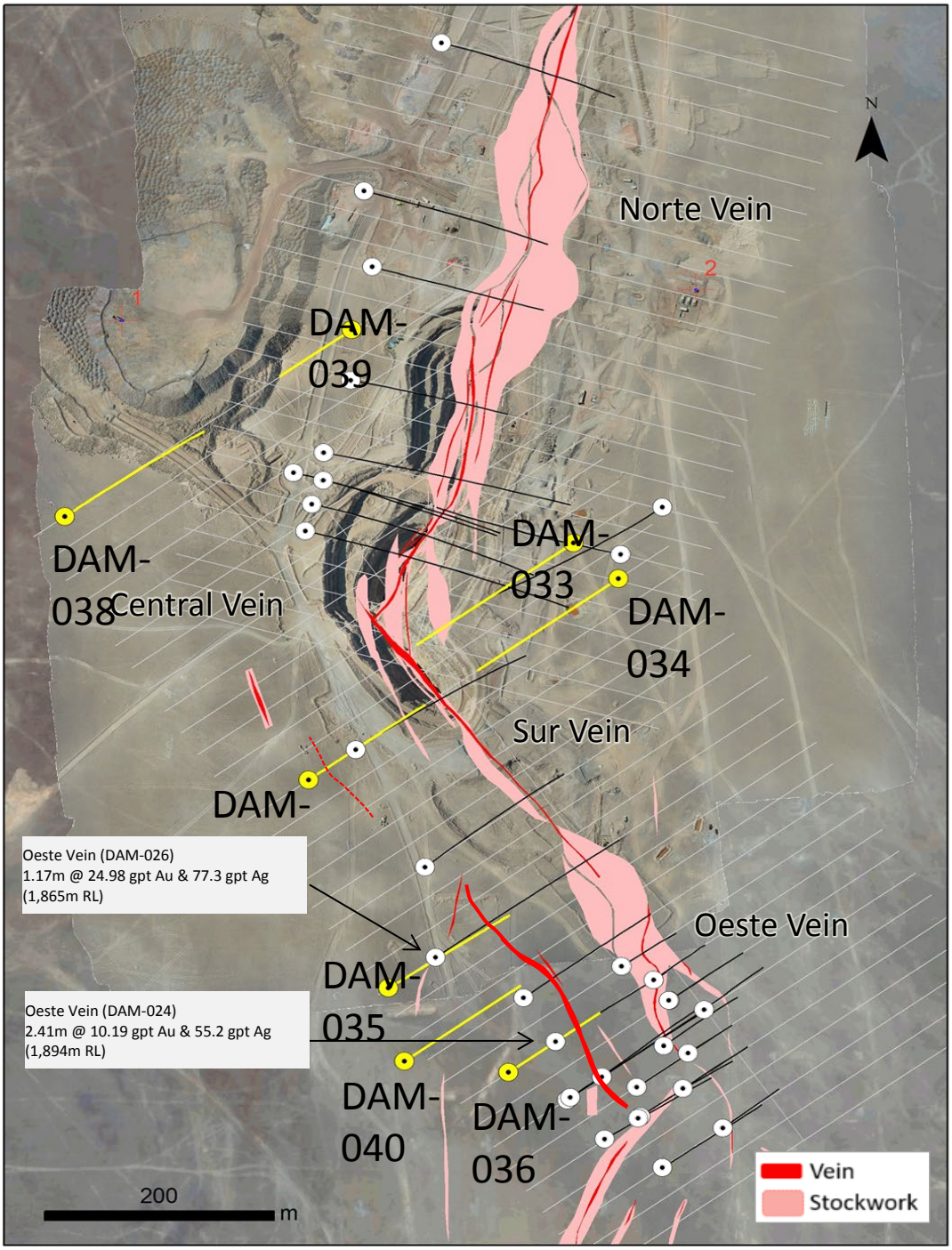
Exploration

Amancaya District Exploration

During Q2 2021, 3,546 meters were drilled in the Amancaya district, completing the total drill program of 5,700 meters for the first half of the year, including a follow-up program on the new veins discovered. The goal was to validate the continuity of mineralization along strike and depth to expand the resource. Drill results received to date were disclosed in the Company's press releases dated 27 January 2021 and 19 May 2021. Final results from DAM-027 to DAM-040 are expected to be received during Q3 2021.

The exploration team commenced the design of an RC drilling program for the second half of the year with a focus on and around the Veta Oeste system. The primary objective is to expand the continuity of the vein along strike and at depth defining inferred resources to justify an economic evaluation.

Amancaya
2021 Exploration – Drilling Location



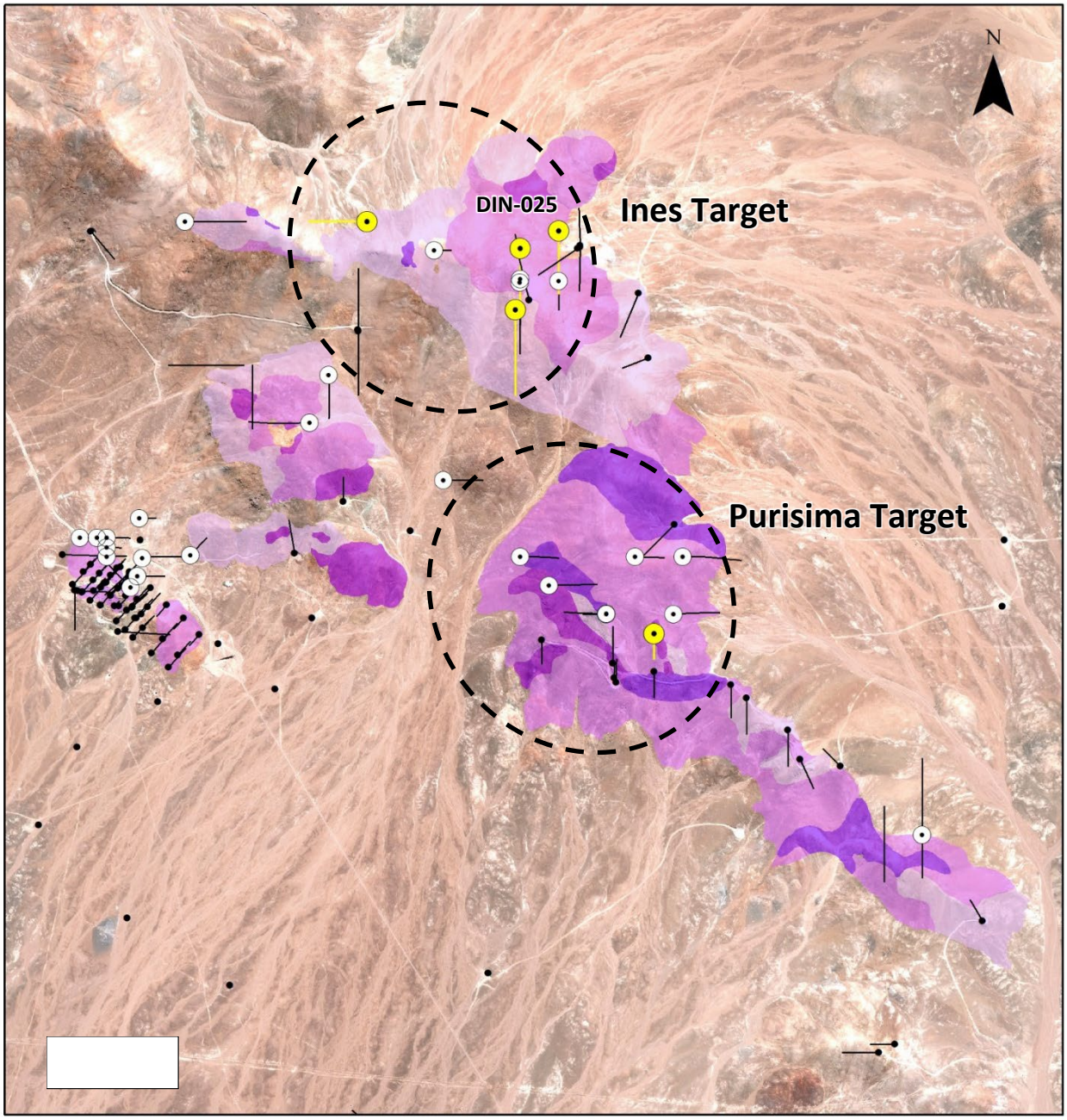
Guanaco District Exploration

During Q2 2021, the Company continued to focus on the Sierra Inesperada area with drilling activities in the best ranked targets delineated for HS systems. A total of 1,791m were drilled during Q2 2022 and 4,405m year-to-date, representing 75% of the total program of 5,850m.

At Inesperada Mine, the drill holes seeking possible extensions of the mineralization did not intercept significant mineralization. In addition, one hole was drilled in the Abraham target without favorable results.

The second phase of the program started with the goal to intercept economic mineralization in the Ines target with step back hole DIN-025. Preliminary results confirm a phreatomagmatic breccia complex controlling advanced argillic alteration and silicified zones related to vuggy silica. The Q3 2021 plan includes drilling of (i) two more holes in the Ines area, (ii) one hole to the south of the Purisima area, and (iii) one hole to the NW of the Ines area.

Sierra Inesperada
2021 Exploration – Drilling Location



Las Pampas District Exploration

CSAMT survey at Cerro Buenos Aires was completed with two extra lines covering the southern parts of the system and trenching and access / platform construction progressed in preparation for a drilling campaign scheduled to start in mid August. The preliminary results from the two additional CSAMT lines surveyed shows subvertical cone-shaped resistors that extent hundreds of meters at depth and shows centers over 10,000 ohm/m at shallow levels.

The drilling program has been defined and is expected to be carried out during Q3 2021. The first phase includes five holes to validate the three major breccia complexes identified with favorable alteration, pathfinders anomaly and resistivity response at depth.

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 June 2021 quarter, there was one lost-time accident (LTA) and 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 standardsalong with a sound risk management program are key priorities for Austral Gold.

Production

There was no production in Q2 2021.

Casposo - Manantiales Exploration

During Q2 2021, Phase I of the 3,600 meters DDH program commenced in the Manantiales - Casposo District with a total of 1,599 meters drilled including eight diamond holes in the target areas of Manantiales, Valentina and Julieta. Phase I is expected to conclude during Q3 2021 with the main focus on Casposo brownfield areas. Final drill results are expected to be received during Q3 2021.

CONSTRUCTION OF +15KM OF ACCESS ROADS TO TARGET AREAS

Casposo-Manantiales

VETA MANANTIALES: MDH-021-057 INTERCEPTED 1.5 m OF BRECCIA/VEIN at 204.5 m (1.5 m length)

Pingüino and Sierra Blanca Projects

The work commitment program at Sierra Blanca project in Santa Cruz, Argentina, continued in accordance with the Option Agreement executed with New Dimension Resources on 13 October 2020.

During Q2 2021, further activities were performed. Significant activities included district mapping of the area, remote sensing processing, sampling for talus fine geochemistry and drilling relogging.

The plan for Q3 2021 is to complete the targeting process and delineation of activities executed on the best ranked targets.

SIERRA BLANCA: PANORAMIC VIEW TOWARDS SE FROM VETARRON DOME-BRECCIA COMPLEX

SIERRA BLANCA: VETARRON AREA DOME-BRECCIA COMPLEX SEEN TOWARDS THE NNW

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 the June 2020 quarter, AGNA executed the remaining option agreements to increase its interest in Rawhide to 26.46%. On 15 March 2021, Rawhide raised US$1.5 million which diluted Austral's interest to 24.39%. On 30 June 2021, Rawhide raised another US$3.5 million including US$1 million contributed by Austral which diluted Austral's interest to 23.25% (18.51% on a fully diluted basis). Austral subscribed for 354,881.952 units which included the same number of class A units and 177,440.976 warrants exercisable at US$2.82 with an expiry date of June 30, 2022.

Rawhide Operations	June 2021 Qtr	Mar 2021 Qtr	June 2020 Qtr
Processed (t)	562,846	546,955	350,113
Gold produced(Oz)	5,986	5,363	7,279
Silver produced(Oz)	42,131	42,173	44,739
Gold-Equivalent (Oz) **	6,482	5,859	7,805

* June 2021 Quarterly Weighted average of 26.46% (March 2021-26.46%, June 2020-25.31%) ownership in the Rawhide Mine
** Rawhide's Au:Ag ratio equaled 85:1 Ag:Au for the June 2021, Au:Ag 85:1 for the March 2021 Quarter and Au:Ag 85:1 for the June 2020 Quarter.
*** March 2021 revised from 26.07% in the March 2021 Quarterly Report as cash from partners received in March 2021 accounted for as a June 30, 2021 capital contribution.
****Restated from the March 2021 quarter

Q2 2021 Update

Quarterly production was 6,482 gold equivalent ounces (100% basis) and 1,715 gold equivalent ounces attributed to Austral. This represents a 11% increase over Q1 2021 production.

RWH continued production from the Regent open pit and former heap leach pads during Q2 2021. The Phase 1 RC drilling program announced in the March 2021 quarterly report was completed in early July. The program included 56 holes totaling 19,392 feet, testing seven different target areas.

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 $300 per ounce.

Q2 2021 Update

Ensign Gold ("Ensign") executed an option agreement with **Barrick Gold** for US$0.8 million (CDN$1.0 million) paid on signing, US$4.8 million (C$6 million) in exploration work commitments 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. Barrick retained royalties over the properties under the agreement and was granted 3 million warrants at C$0.25 per share. The transaction would allow Ensign to achieve its goal to consolidate the Mercur project. During July 2021, 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, Austral´s ownership in Ensign was diluted from 19.9% to 12.3%. **The shares in the financing were issued at C$0.50/share, a 100% increase from the Austral investment of C$0.25/share.**

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.

Ensign's short-term objective is to initiate a drilling campaign to validate the remaining geological resources in the Mercur Central area and to understand the mineralization controls. During the quarter, the company formally began field activities, and geological surface mapping was carried out prior to the execution of a drilling program established for the month of July.

In addition, Ensign changed its name to Ensign Minerals and hired an engineering consulting firm to prepare a 43-101 Technical report that is required to take Ensign public. Ensign is targeting near the end of 2021 to become a publicly listed company on the Toronto Venture Stock Exchange (TSXV) in Canada.

Corporate Summary & Financial Performance

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

- All resolutions were passed at the Company's 27 April 2021 Annual General Meeting.
- **Cash and cash equivalents were US$1.8 million** and combined with the fair value of ~2,000 unsold and unrefined gold equivalent ounces in inventory totaled US$5.6 million.
- **Quarterly operating cash flow** before changes in working capital was affected by the low production but was positive US$3.3 million; after considering the changes in working capital the balance was negative US$1.5 million
- **Net cash used in investing activities** was US$4.1 million, mainly due to US$1.8 million for sustaining capital expenditures, US$1.7 million for exploration activities and US$1.0 million for its investment in Rawhide.
- **Total financial debt is at US$10.1 million** (71% short-term) whereas total debt net of cash was US$8.3 million.

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, receipt of drill results, planned exploration activities in Chile and Argentina in Q3 2021 and that Management continues to evaluate opportunities to extend the life of mine of 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 release dated 27 January 2021 and 19 May 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: 30 July 2021

(Company secretary)

Print name:

David Hwang