## MEDIA RELEASE

28 April 2023

# Austral Gold Files Q1 2023 Quarterly Report

**Established gold producer Austral Gold Limited** (the **"Company"** or **"Austral"**) (ASX:AGD; TSX-V:AGLD) i s pleased to announce that it has filed its Q1 2023 Quarterly Activity Report. The complete Report is available under the Company's profile at www.asx.com, www.sedar.com and on the Company's website at www.australgold.com

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.

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:**


**José Bordogna**
Chief Financial Officer
Jose.bordogna@australgold.com
Phone: +61 466 892 307

**Gareth Quinn**
Media and Investor Relations
gareth@republicpr.com.au
Phone: +61 417 711 108


**Forward Looking Statements**

Statements in this news release 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 news release include Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

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.

## About Austral Gold

**Austral Gold is a growing gold and silver mining producer building a portfolio of quality assets in the Americas.** Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

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## OPERATIONS

- **Guanaco and Amancaya mines, Antofagasta Province, Chile** (100% interest)

  Open pit and underground.

  2022 Production: 27,686 gold equivalent ounces

  2023 Forecast: 34,000-38,000 gold equivalent ounces

Recently extended the life of mine with an expected production level of 30,000-35,000 gold equivalent ounces per year over the next three to four years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years until 2033 per the 43-101 Technical Report on the Guanaco-Amancaya Operation, Antofagasta Region, Chile, dated 25 March, 2022, with an effective date of 31 December 2021.

- **Casposo/Manantiales Mine Complex, San Juan Province, Argentina** (100% interest)

  Gold and silver mine currently in care and maintenance. Strategy is to restart profitable mining operations.

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## EXPLORATION

**CHILE**

- Paleocene Belt, Chile
- Guanaco District
- Amancaya District
- Las Pampa District

**ARGENTINA**

- Triassic Choiyoi Belt
- Indio Belt
- Deseado Massif

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## EQUITY INVESTMENTS

- Unico Silver Limited, an ASX listed company (17% interest)
- Rawhide Mine, private vehicle, Fallon, Nevada, USA (24% interest)
- Ensign Minerals Inc., private vehicle, Utah, USA (12% interest)
- Pampa Metals Corp, a CSE listed company (5.5% interest)

Austral Gold Ltd
ABN30 075 860 472
ASX: AGD TSXV: AGLD

# Quarterly Report

For the quarter ended
31 March 2023

australgold.com

AUSTRALGOLD

# Highlights

## GUANACO-AMANCAYA OPERATIONS

**Production**

**7,237** GEOs

**gold equivalent ounces**

In line with budget and operating costs ("C1") of US$1,461/oz and all-in-sustaining cost ("AISC") of US$1,830/oz

**Sales Revenue**

**US$14.9m**

Average selling prices of US$1,893/oz

## EXPLORATION

- Results received from the 4,000-meter drilling campaign at the Casposo-Manantiales Project (Argentina) that started in Q4 2022. Best intercepts were as follows:
  - **MDH-22-72: 6.10m @ 11.77 gpt gold and 10.0 gpt silver**
  - **MDH-22-68: 2.40m @ 7.39 gpt gold and 18.0 gpt silver**

- Drilled 3,774 meters of DDH at the Jaguelito Project (Argentina) of the 5,000 meter program committed under the 2022 option agreement with Mexplort. Best intercepts were as follows:
  - **DJN-003: 26m @ 0.60 grams per tonne (gpt) gold and 7 gpt silver**
    *Including 1.5m @ 1.12 gpt gold and 45 gpt silver*
  - **DJN-004: 21m @ 1.24 gpt gold and 1 gpt silver**
    *Including 3.0m@ 3.32 gpt gold and <0.5 gpt silver*
- Quarterly exploration investments totaled US$1.3 million.

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## CORPORATE

- Cash combined with the fair value of unsold and unrefined GEO in inventory bullion totaled US$1 million at the end of Q1 2023.
- Completed sale of SCRN Properties Ltd. (“SCRN”), owner of the Pinguino project, to Unico Silver (ASX:USL) (previously known as E2 Metals) for approximately US$10 million (comprised of 50% in cash and 50% in USL shares and options). Austral became the largest shareholder of USL with a 19.9% interest. Subsequent to USL’s April 2023 A$5M financing, Austral’s interest in USL is 17.4% on a undiluted basis.
- Short-term debt funding of US$1 million (8% p.a.) obtained from related parties to fund general working capital and capex for the Heap Reprocessing project. At the end of the quarter, total financial debt totaled US$11.5 million.
- Mr. Guerra resigned as VP of Exploration effective 31 January 2023. Austral’s CEO, Mr. Kasaneva, who is a geologist, now oversees the company’s exploration activities.

### Subsequent events during April 2023:

- Mailed proxy materials to shareholders for the Annual General Meeting (AGM) to be held on 30, May 2023 in Sydney Australia.
- Secured a long-term loan of US$3.5 million (8.5% p.a.) from a local bank in Chile increasing Austral’s total financial debt to US$15 million (70% STD). The 3-year loan will be used to improve the company’s liquidity, debt maturity profile and fund general working capital.
- Executed a letter of intent (LOI) with Colossus Resources Corp (TSXV:CLUS) (“Colossus”) to grant an option to purchase Austral’s non-core Calvario and Mirador copper projects in northern Chile. Consideration is to include common shares of Colossus which would result in Austral becoming Colossus’s largest shareholder with a 19.9% interest. Transaction is expected to close during Q2 2023.
- Engaged Republic Public Relations Pty Ltd (“Republic”) as its investor relations advisor in Australia.

# Production Overview

## Guanaco-Amancaya Operations

**Gold and Silver Production**

**7,237 GEOs**

**(gold equivalent ounces)**

(6,891 gold ounces and 29,419 silver ounces)

In line with budget.

▼ 3% from Q1 2022 (7,493 GEOs)

▼ 9% from Q4 2022 (7,934 GEOs)

**Operating Costs (C1)**

**US$1,461/oz**

▲ US$1,229/oz in Q4 2022

All-in-sustaining cost ("AISC") increased to US$1,830/oz in Q1 2023 from US$1,536/oz in Q4 2022.

C1 and AISC increased in Q1 2023 mainly due to higher than budgeted tonnes of ore mined and plant repairs, severance of certain employees, and the impact of FX due to a weaker US dollar versus the Chilean peso during Q1 2023

## Quarterly Production Figures

| Operations | Guanaco/ Amancaya Mines | | |
|---|---|---|---|
| | Q1 2023 (March) | Q4 2022 (December) | Q1 2022 (March) |
| Processed (t) | 95,400 | 76,921 | 70,900 |
| Gold (Oz) | 6,891 | 7,441 | 7,224 |
| Silver (Oz) | 29,419 | 38,991 | 21,187 |
| **GEOs (1)** | **7,237** | **7,934** | **7,493** |
| C1 Cost of Production(US$/GEO) (2) | 1,461 | 1,229 | 1,377 |
| All-in Sustaining Cost (US$/GEO) (3) | 1,830 | 1,536 | 1,810 |

(1) Ag:Au ratio is calculated at 85:1 Ag:Au for the March 2023 Quarter; 79:1 Ag:Au for the December 2022 Quarter and 79:1 Ag:Au for the March 2022 Quarter.
(2) 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.
(3) The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation.

## Forecasted Calendar 2023 Production and Costs

- Production guidance for 2023 is estimated at 34,000-38,000 GEOs including 11,000-11,500 GEOs from the heap-reprocessing project which is forecasted to start production in June-July 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.

# Exploration Overview

During Q1 2023, the main exploration activities were as follows:

- Guanaco-Amancaya districts (Chile): Focused on Natalia and Los Nanos areas, near the Amancaya and Guanaco mine complex through surface mapping, relogging of historical drillholes, and geological interpretation. A drill program is currently under review to address the continuity of the mineral bodies observed at Los Nanos.

- Casposo-Manantiales mine complex (Argentina): Completed a drilling campaign of 4,265 meters in 15 holes at the Manantiales and Cerro Amarillo areas.

- At the Manantiales vein, a follow-up drilling program intercepted high gold grades at the top and bottom of the central ore-shoot, indicating possible continuity at depth. Best intercepts were:

  MDH-22-72: **6.10 m @ 11.77 gpt gold and 10.0 gpt silver**
  (incl. 1.10 m @ 54.03 gpt gold and 21.40 gpt silver)

  MDH-22-68: **2.40 m @ 7.39 gpt gold and 18.0 gpt silver**
  (incl. 1.30 m @ 12.93 gpt gold and 22.30 gpt silver)

- At the Cerro Amarillo area, two holes were drilled to validate new structural controls in the Awada and La Puerta areas. Favorable alteration was intercepted, but with discrete gold anomalies.

- Jaguelito Project (Argentina): Continued the 5,000m drilling campaign in accordance with the required work commitments for the first two years of the option agreement with Mexplort. A total of 3,774m have been drilled to date as announced on 24 April 2023. Best intercepts from assays of seven drill holes received were:

  DJN-003: **26m @ 0.60 grams per tonne (gpt) gold and 7 gpt silver**
  (including 1.5m @ 1.12 gpt gold and 45 gpt silver)

  DJN-004: **21m @ 1.24 gpt gold and 1 gpt silver**
  (including 3.0m@ 3.32 gpt gold and <0.5 gpt silver)

# Financials

**At the end of Q1 2023, cash and cash equivalents were US$0.7 million. Total of US$1 million when combined with the fair value of ~150 unsold and unrefined GEO in inventory**.

The table below summarises the March 2023 quarterly cash flow compared to the December 2022 quarter and prior year quarter ended March 2022.

| Cash Flow (US$´M) | Q1 2023 (Mar) | Q4 2022 (Dec) | Q4 2022 (Mar) |
|---|---|---|---|
| Operating Cash flow before change in working capital | 0.3 | 0.6 | 0.7 |
| Changes in working capital | 1.6 | 4.4 | 0.2 |
| **Operating cash flow after change in working capital** | **1.9** | **5.0** | **0.9** |
| **Net cash used in investing activities** | **(2.0)** | **(3.4)** | **(2.8)** |
| **Net cash from (used in) financing activities** | **(0.1)** | **(1.3)** | **0.7** |
| Net (decrease) increase in cash | (0.2) | 0.3 | (1.2) |
| Cash beginning of period | 0.9 | 0.7 | 2.3 |
| **Cash end of period** | **0.7** | **0.9** | **1.1** |

- **Cash flow generated from all operating activities** (excluding changes in working capital) **decreased by US$0.3 million to US$0.3 million in** Q1 2023 **from US$0.6 million** in Q4 2022. Working capital decreased by US$5.7 million mainly due to an increase of US$2.2 million in current liabilities, the reversal of assets held for sale resulting in a net decrease of US$4.5 million in current assets received from the sale of SCRN to Unico Silver, of which US$2.0 million was allocated to non-current assets, and the up-front cash payment of US$2.5 million was used during Q1 2023. These decreases in working capital were partially offset by an increase in accounts receivable of US$0.9 million.

- **Net cash of US$2.0 million used in investing activities**, mainly due to US$1.7 million for sustaining capital expenditures, US$1.6 million for the heaps and US$1.3 million for exploration activities, offset by the first installment of US$2.5 million received from Unico Silver on the sale of SCRN.

- **Net cash of US$0.1 million used in financing activities** from the net repayments of borrowings and lease payments including US$1 million received from related party loans.

| Net Financial Debt Position (US$´M) | Mar 2023* | Dec 2022* | Mar 2022* |
|---|---|---|---|
| Cash & Cash Equivalents ** | 0.7 | 0.9 | 1.1 |
| Financial Debt | 12.2 | 11.5 | 11.6 |
| Net Financial Debt | 11.5 | 10.6 | 10.5 |

* Consolidated unaudited figures

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

- **Net consolidated financial debt of US$11.5 million on 31 December 2022**, a net increase of US$0.9 million from 31 December 2022. The financial debt is comprised of US$9.2 million of short-term debt (~50% are renewable pre-export facilities) which the Company anticipates renewing in 2023, and US$3.0 million of long-term debt.
- **Net current liabilities (including financial debt) increased to US$13.3 million on 31 March 2023** from US$7.5 million at 31 December 2022, mainly due to the reversal of US$8.3 million of assets held for sale with the effective consideration of the SCRN sale[1], noting that US$1.75 million of the cash consideration is not collectible within the next twelve months and 50% of the Unico Silver shares received as consideration are restricted for more than one year. Consequently, both these assets are classified as non-current.
- **On 26 April 2023, Austral's subsidiary in Chile** secured a 3-year loan of up to US$3.5 million at 8.5%. Use of proceeds is to be used for general working capital purposes and to improve the company's liquidity and debt maturity profile.

### [1]Highlights of the Consideration of SCRN Properties Ltd Sale to Unico Silver Limited ("Unico") (formerly E2 Metals):

- **CASH**: US$5 million of which US$2.5 million was paid at Closing and the remaining 50% is due in three instalments of:
  - US$0.75 million on 2023 November 25, one year from the first anniversary of the Share Sale Agreement;
  - US$0.75 million on 2024 November 25; two years from the first anniversary of the Share Sale Agreement;
  - US$1 million on 2025 November 25; three years from the first anniversary of the Share Sale Agreement;
- **SHARES:** Issuance from treasury of 49,751,970 shares of Unico equivalent to 19.99% shareholding in Unico on a non-diluted basis, all of which are to be held in escrow with 50% released on the first anniversary of the Closing date and 50% released on the second anniversary of the Closing date. Unico share price at Closing on 1 March 2023 was A$0.14 valuing 19.99% of Austral's investment in Unico at US$ 4.7 million (A$7.0 million).

- **OPTIONS:** Grant of 15 million options, each exercisable for one ordinary share of Unico at an exercise price of 26 cents until the third anniversary of the Closing date. The options can only be exercised to the extent Austral will not exceed voting power in Unico of 19.99%. The value of the options at closing was calculated at US$0.7 million (A$1.1 million) using the Black Scholes model.

- **BOARD REPRESENTATION:** As Austral has the right to appoint one person to the Unico Board for as long as it holds at least nine percent (9%) of Unico's outstanding shares, it appointed its CFO, Jose Bordogna.

- **ROYALTIES:** Austral retains its option to purchase either all or half of the existing 2% net smelter return royalty on the Pinguino project.

# Austral Gold Equity Investments and Projects

# Chile

## Guanaco and Amancaya Mines

**The Guanaco and Amancaya mine complex remains the Company's flagship asset in Chile. The Guanaco mine was recommissioned in 2010 and commenced operations in 2011. The Amancaya project was acquired in 2014 from Yamana, who retain a 2.25% royalty over precious metal production. It is 60km south-west of Guanaco mine by public road. Open-pit mining operations began in March 2017, and ore is transported to the agitation leach plant at Guanaco for processing.**

### Safety

During Q1 2023, there were no lost-time accidents (LTA's) and ten no-lost-time accidents (NLTA's) involving Guanaco employees and contractors. Safety and environmental protection are core values of the Company and the implementation of best practice safety standards along with a sound risk management program are key priorities for the Company.

## Production

Q1 2023 quarterly production at Guanaco/Amancaya was 18% higher than budgeted and decreased by 3% from 7,493 GEOs (7,224 gold ounces and 21,187 silver ounces) during the March 2022 quarter and 9% to 7,237 GEOs (6,891 gold ounces and 29.419 silver ounces) from 7,934 GEOs (7,441 gold ounces and 38,991 silver ounces) during the December 2022.

Cost of production (“C1”) increased to US$1,461 per GEO in Q1 2023 from US$1,229 per GEO during Q4 2022 and from US$1,377 per GEO during Q1 2022.

All-in sustaining cost (“AISC”) increased to US$1,830 per GEO in Q1 2023 from US$1,536 per GEO during Q4 2022 and US$1,810 per GEO during Q1 2022.

Higher Q1 2023 C1 and AISC in were mainly due to higher than budgeted tonnes of ore mined, higher than budgeted plant repairs, severance of certain employees, lower mine development costs than budgeted and the impact of foreign exchange due to a weaker US dollar against the Chilean peso during Q2 2023.

## Mining

During Q1 2023, 58,958 tonnes were mined from the Amancaya underground operations.

| Operations | Guanaco/Amancaya Quarter ended | | |
|---|---|---|---|
| | March 2023 | December 2022 | March 2022 |
| Processed (t) | 95,400 | 76,921 | 70,900 |
| Plant Grade Underground (g/t Au) | 3.2 | 3.7 | 4.4 |
| Plant Grade Heap (g/t Au) | 1.6 | 1.2 | 1.1 |
| Plant Grade Underground (g/t Ag) | 9.8 | 13.6 | 15.3 |
| Plant Grade Heap (g/t Ag) | 15.3 | 45.9 | 3.8 |
| Gold recovery rate (%) | 92.7% | 92.4% | 93.2% |
| Silver recovery rate (%) | 76.6% | 72.8% | 82.1% |
| Gold produced (Oz) | 6,891 | 7,441 | 7,224 |
| Silver produced (Oz) | 29,419 | 38,991 | 21,187 |
| Gold-Equivalent (Oz) (1) (2) | 7,237 | 7,934 | 7,493 |
| C1 Cost of Production(US$/AuEq Oz) (3) | 1,461 | 1,229 | 1,377 |
| All-in Sustaining Cost (US$/AuOz) (4) | 1,830 | 1,536 | 1,810 |
| Realised gold price (US$/AuOz) | 1,893 | 1,727 | 1,861 |
| Realised silver price (US$/AgOz) | 23 | 22 | 24 |

(1) AuEq ratio is calculated at 85:1 Ag:Au for the 31 March 2023 quarter; 79:1 for the 31 December 2022 and 31 March 2022 quarters.

(2) Includes 2,231 GEO from Guanaco historical heap material processed through the agitation leaching plant during the 31 March 2023 quarter ; 552 GEOs during the 31 December 2022 quarter and 211 GEOs during the 31 March 2022 quarter.

(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.

## Heap Reprocessing Project

The Company's advancement of the engineering and civil works to set up the HRC 800 equipment at the Guanaco site continued during the quarter. Construction activities required for the heaps started in January 2023.

We anticipate production from reprocessing the heaps (the "Project") to commence in June-July 2023 and forecast annual 2023 production from the Project to be 11,000-11,500 GEOs.

As of the end of Q1 2023, construction of the infrastructure necessary to set up the HRC 800 was 66% completed and work to prepare the site for the new heap number four (4) has been 72% completed. Certain improvements at the ADR plant were also made to ensure that new material from the heaps will be able to be processed.

Total estimated capex for construction of the Project is US$5 million of which US$1.6 million was incurred during the quarter (with total aggregate expenses at US$2.2 million). The Company expects to fund the Capex through internal cash generation, and debt financing received.

*Heaps Reprocessing Project: Civil works to set up HRC 800*

## Exploration

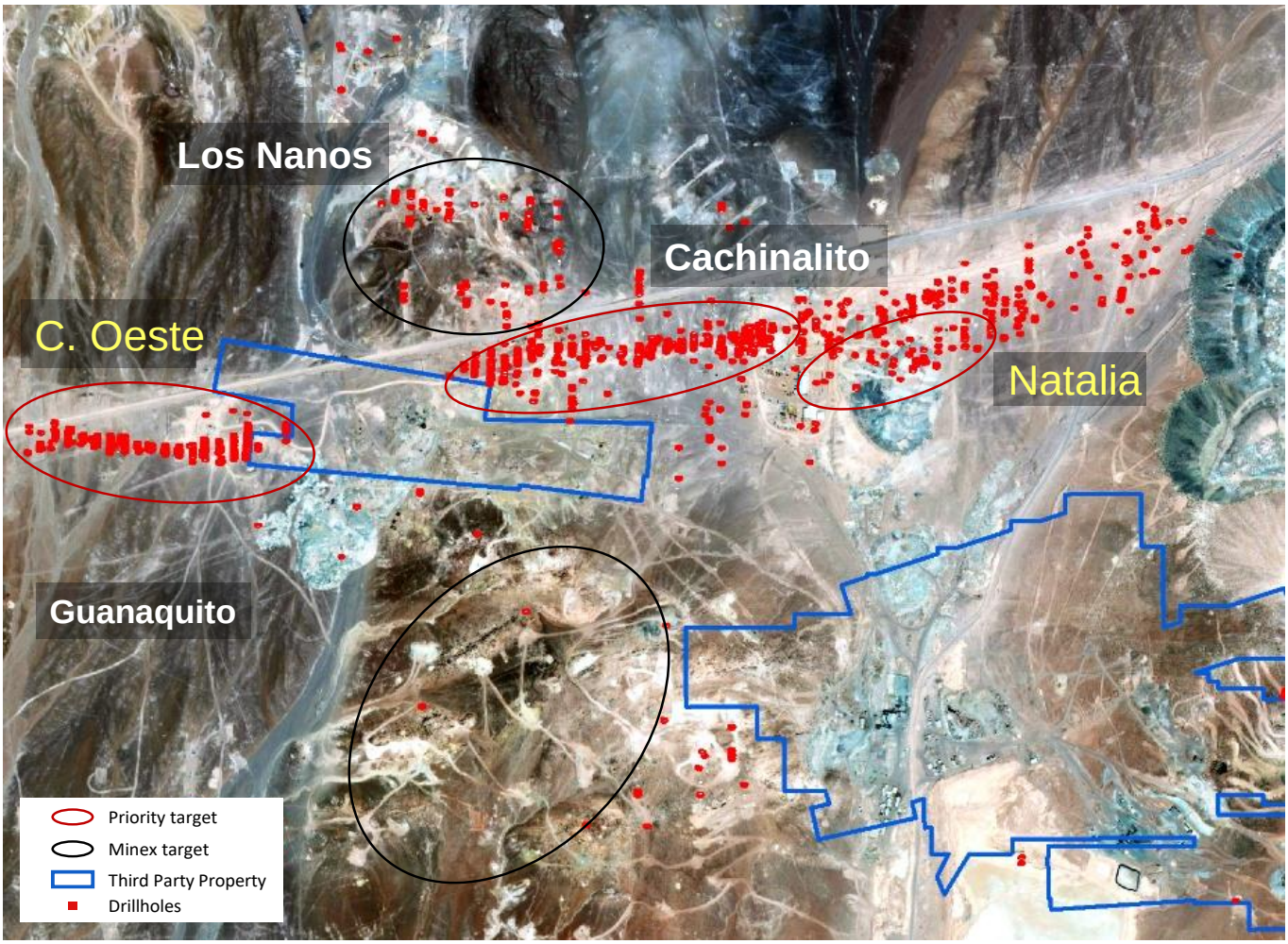
During Q1 2023, the Company continued to review exploration opportunities through the reinterpretation of certain sectors with a focus on the Los Nanos and Natalia sectors.

At Los Nanos, a set of cross sections were reinterpreted considering new logs and a revision of drill core. The geological team's analysis indicates that two main bodies can be modeled, and the continuity towards the East of the geological controls of the two mineralised bodies reach a length of more than 250 meters.

The geological setting in Los Nanos appears similar to the Cachinalito System, with structures dipping north and faults/feeders dipping south, with the greatest difference being the inclination of the ore bodies. Our analysis indicates that this may be related to the intensity of syn/post mineral tilting in each structural block, resulting in bodies with gentle dips and significant thicknesses in the Los Nanos sector.

During Q1 2023, we began preparing a drilling program to address the untested areas for the evaluation of the continuity of these bodies, and to complete a Resource Estimation Process.

At Amancaya, five RC holes have been designed with the goal of connecting two segments of the Oeste Vein.

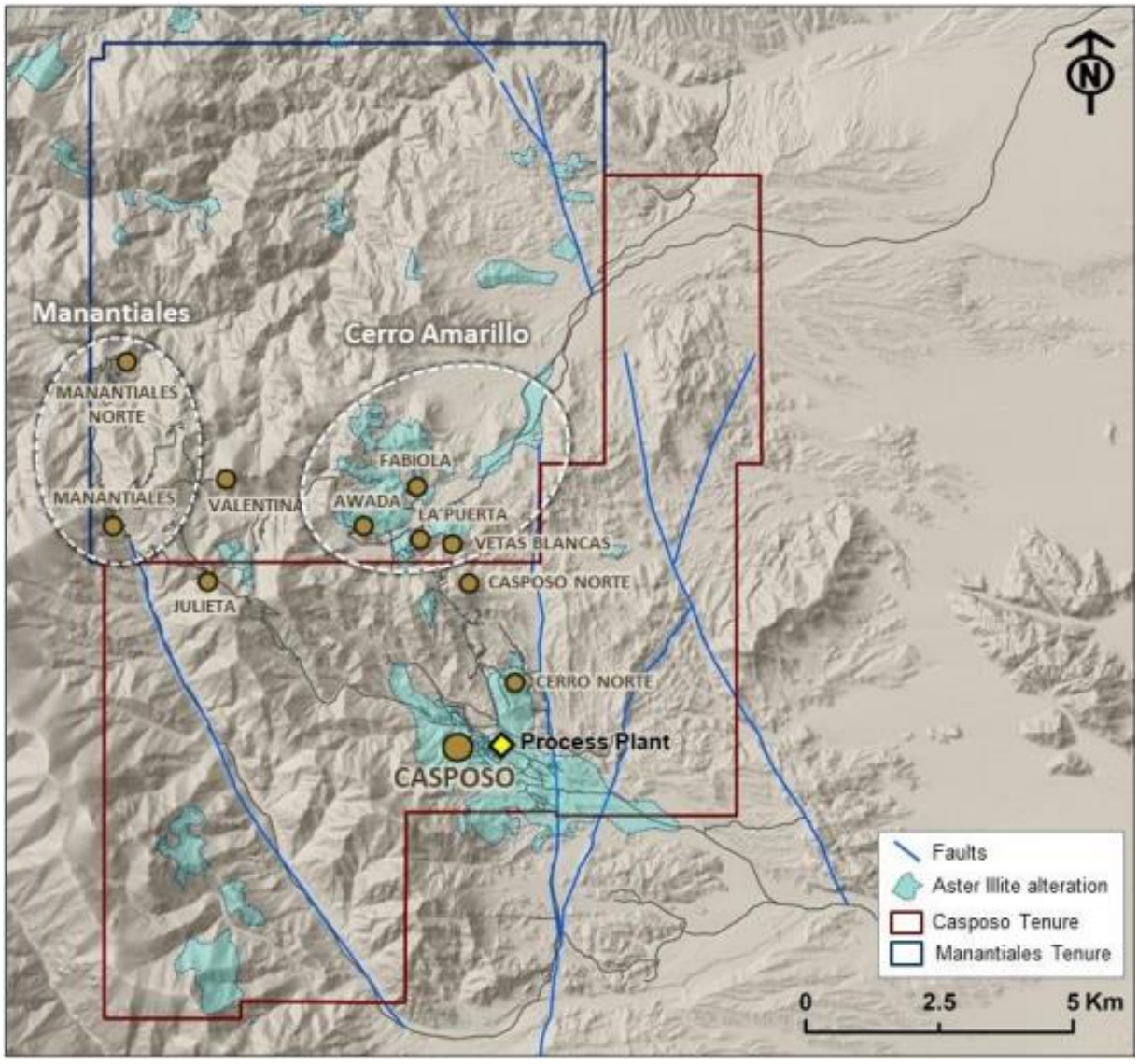



*Guanaco Brownfield Exploration*

# Argentina

## Casposo Mine

**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 sulphidation epithermal deposit of gold and silver located in the eastern border of the Cordillera Frontal geological province. The Casposo Mine continues to be on care and maintenance, although exploration activities that commenced during the December 2019 quarter have been ongoing, with the goal of recommencing processing operations.**



### Safety

During Q1 2023, 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 the Company.

### Production

There was no production in Q1 2023.

### Exploration

A new drilling campaign at the Casposo-Manantiales Project located in the province of San Juan, Argentina started on 19 September 2022. The Company drilled 4,265 metres of diamond drilling ("DD") in 15 DD holes.

The focus of the drilling program was to follow up on the results achieved in previous drilling campaigns at the Manantiales vein disclosed in the 27 July 2022 and 26 October 2021 announcements. The drilling program at the Manantiales vein intercepted some high gold grades at the top and bottom of the central ore-shoot, indicating possible continuity at depth. The best two holes intercepted high-grade gold confirming the continuity of mineralisation in the central ore-shoot and opening the upside at depth. During 2022, 6,585 metres were drilled in 27 DD holes and total exploration costs were US$2.8 million.

Drill hole MDH-022-68 appears to confirm shallow mineralisation and provides continuity to previous reported drill hole MDH-022-64 as drill hole MDH-022-72 intercepted gold high-grade confirming the continuity of mineralisation in the central ore-shoot and opening the upside in depth. Best assay results received in Q1 2023 were:

MDH-22-72: **6.10 m @ 11.77 gpt gold and 10.0 gpt silver**
(incl. 1.10 m @ 54.03 gpt gold and 21.40 gpt silver)

MDH-22-68: **2.40 m @ 7.39 gpt gold and 18.0 gpt silver**
(incl. 1.30 m @ 12.93 gpt gold and 22.30 gpt silver)

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## Cerro Amarillo Project

### Exploration

At Cerro Amarillo, which is close to the Manantiales vein, two holes were drilled; one in Awada (152 metres), and the other in La Puerta (326 metres) to test for new structural and ore controls. Favourable alteration was intercepted although with discrete gold anomalies.

The AWD-22-003 hole located in the western sector of the Awada recognised strong silicification in approximately 50 meters but with low Au anomalies. At La Puerta, the goal of drill hole LPO-22-004 was to intercept the veins in more favorable host rock, however the structures were intercepted in Oveja Negra Fm without significant Au values.

# Jaguelito Project

## Exploration

In accordance with the option agreement with Mexplort Perforaciones Mineras SA (“Mexplort”), the Company completed 3,744 meters of DDH drilling over 14 holes of its 5,000 meter drilling campaign during Q1 2023, as announced on 24 April 2023.

Up to eight targets have been identified across two zones, Norte and Sur and further drilling is underway at the La Cuña Norte (Norte) and Sagitario (Sur) targets.

Best intercepts from assays of seven drill holes received were:

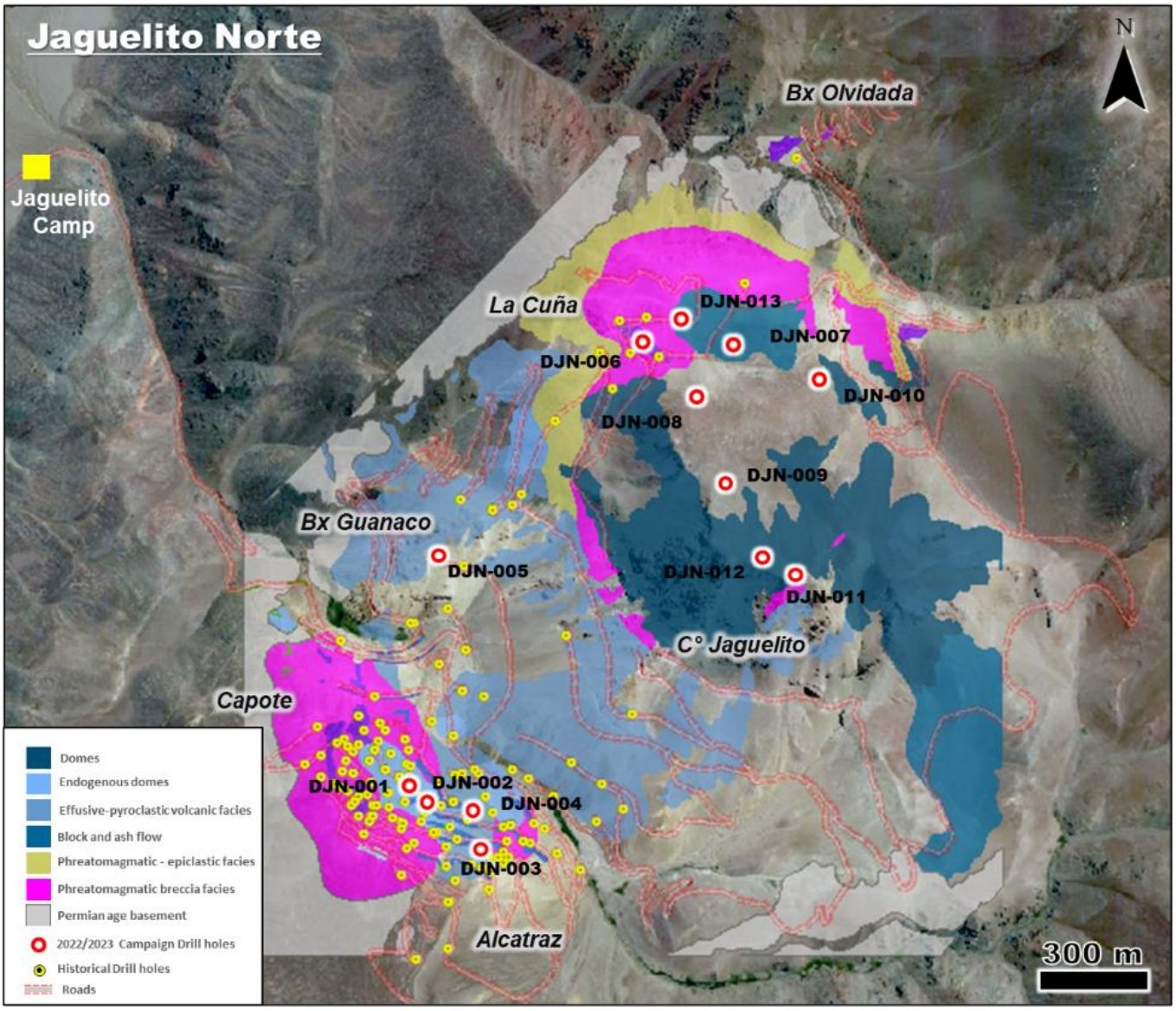
| | | |
|---|---|---|
| **Capote-Alcatraz target (Norte Zone)** | DJN-003: | **26m @ 0.60 gpt gold and 7 gpt silver**<br>Incl 1.5m @ 1.12 gpt gold and 45 gpt silver |
| | DJN-004: | **21m @ 1.24 gpt gold and 1 gpt silver**<br>Incl 3.0m@ 3.32 gpt gold and <0.5 gpt silver |
| **La Cuña Norte target (Norte Zone)** | DJN-006: | **4m@ 1.40 gpt gold and 26 gpt silver** |

**Jaguelito Norte Target Area**

Five drilling targets were identified and three targets were tested, Alcatraz, La Cuña Norte, and La Cuña Sur.

The program prioritised the Capote – Alcatraz sector under a new concept of gold ore controlled northwest direction and drilling of the La Cuña maar-diatreme complex, which we recently identified as the major control of the hydrothermal system in the region. The third target corresponds to the satellite body of the Guanaco Breccia.

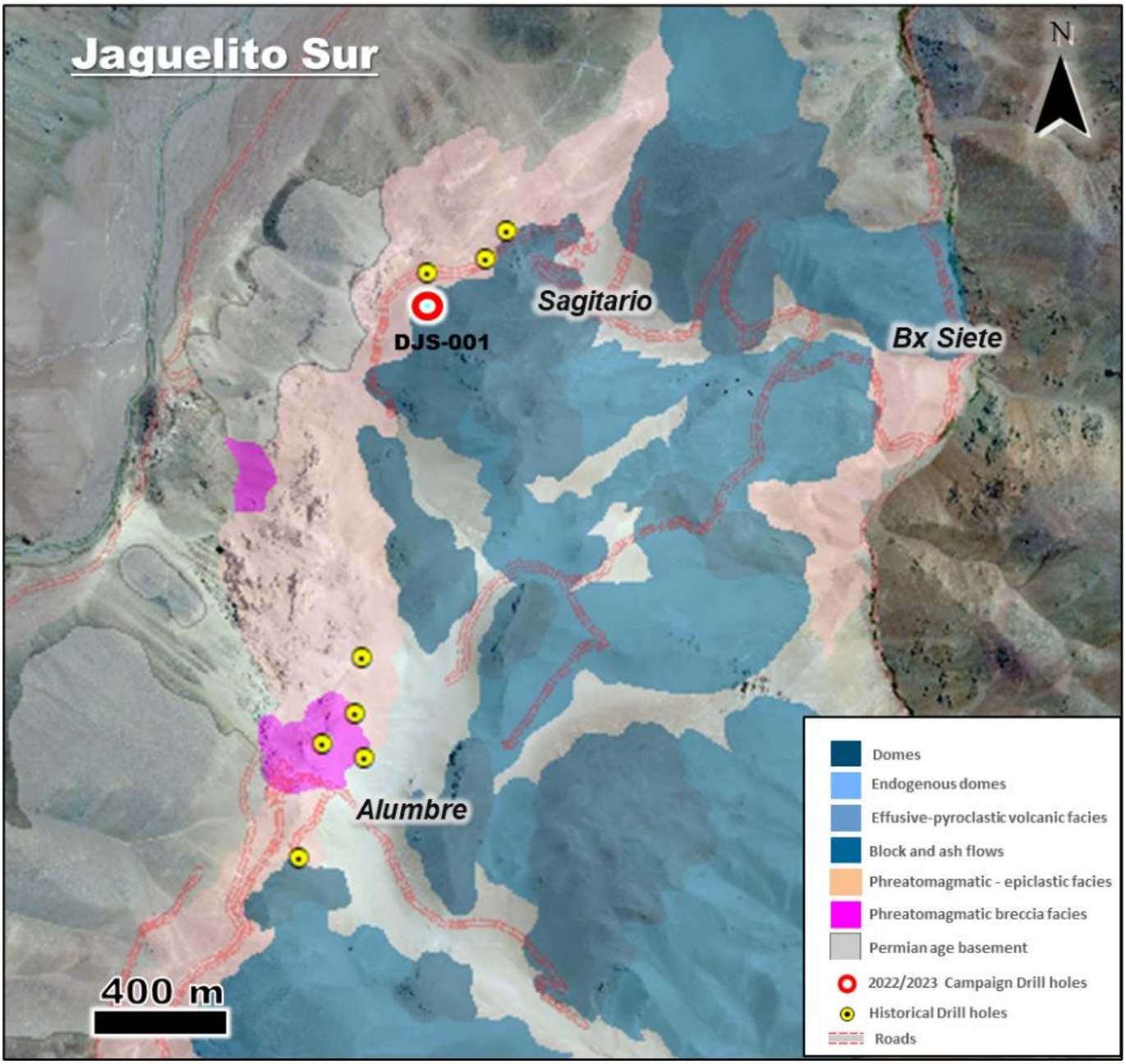
*Exploration drilling at the Jaguelito Norte Target Area*




*Jaguelito Norte target area showing Alcatraz and La Cuña drill targets*

**Jaguelito Sur Target Area**

Preliminary work identified five structures related to phreatomagmatic activity that suggest alteration and potential mineralisation in the sector. Three targets are to be tested by approximately 1,500m of drilling.




*Jaguelito Sur target area showing Alumbre and Sagitario drill targets*

# United States

## Ensign Minerals Inc. (“Ensign”) (Mercur project)

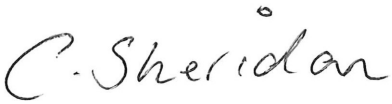
### Q1 2023 Update

The assay results coming from the 2022 exploration drill program led to the development of a resource estimation model., A consulting firm was hired and during Q1 2023 they worked on an in situ geological resource model.

Due to the preliminary results, the company decided to increase the scope of the resource estimation model to include geological and metallurgical domains based on historical data.

Ensign expects to finalise the updated model for Main and South Mercur in early Q2.

Ensign also continued discussions on various avenues to raise capital and expects that following the release of the resource, it will be in a better position to raise capital to fund an exploration program in 2023.  In addition, Ensign continues to monitor the market for the potential to launch an IPO.



**By order of the Board**

Chelsea Sheridan Company Secretary

# Important Notices

### 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 2023 forecasted production guidance and costs, amount of capex and sources of funding for construction of the heap reprocessing project, the Company's plan to commence production from the Heap project by June-July 2023, the planned exploration activities, Mr. Stabro Kasaneva to oversee the exploration activities of the company, expectations to close the transaction with Colossus during Q2 2023, consideration from the transaction with Colossus to include common shares of Colossus resulting Austral becoming Colossus's largest shareholder with in a 19.9% interest, Ensign's expectation to finalise the updated resource model for Main and South Mercur in early Q2 2023, that following the release of the resource model, Ensign will be in a better position with which to raise capital to fund an exploration program in 2023 and Ensign continues to evaluate the market before moving forward with an IPO.

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 24 April 2023 and 30 January 2023.

# 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: 28 April 2023

(Company secretary)

Print name: C. Sheridan

Chelsea Sheridan

# Company Profile

**Austral Gold is a growing gold and silver mining producer building a portfolio of quality assets in the Americas.** Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

## PRODUCTION

- **Guanaco and Amancaya mines, Antofagasta Province, Chile** (100% interest)

  Open pit and underground.

  2022 Production - 27,686 gold equivalent ounces, 96,541 silver ounces

  Strategy is to increase the mine life to support production levels of 30,000-35,000 gold equivalent ounces per year over the next four to five years, plus a further 10,000 gold equivalent ounces of production per year for the following seven to eight years.

- **Casposo/Manantiales Mine Complex, San Juan Province, Argentina** (100% interest)

  Gold and silver mine currently in care and maintenance. Strategy is to restart profitable mining operations.

## EXPLORATION

**CHILE**

- Paleocene Belt, Chile
- Guanaco District
- Amancaya District
- Las Pampa District

**ARGENTINA**

- Triassic Choiyoi Belt
- Indio Belt
- Deseado Massif

## EQUITY INVESTMENTS

- **Unico Silver Limited, an ASX listed company**
- **Pampa Metals Corp, a CSE listed company**
- **Rawhide Mine, private vehicle, Fallon, Nevada, USA**

  2021 production (100% basis) – 19,535 gold equivalent ounces, 108,982 silver ounces.

  Open pit heap leach operation.

- **Ensign Minerals Inc, private vehicle, Utah, USA**