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2012

HALF-YEAR FINANCIAL REPORT



AUSTRAL GOLD LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 075 860 472

Corporate Directory

Directors:	Eduardo Elsztein Saul Zang Pablo Vergara del Carril Stabro Kasaneva Wayne Hubert Robert Trzebski Ben Jarvis	Chairman & Non-Executive Director Non-Executive Director Non-Executive Director Executive Director & COO Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director
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Company Secretary: Catherine Lloyd

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Share Registry: Computershare
GPO Box 2975
Melbourne VIC 3001
Tel: 1300 850 505 (*within Australia*)
Tel: +61 3 9415 5000 (*outside Australia*)

Auditors: BDO East Coast Partnership
www.bdo.com.au

Principal Bankers: National Australia Bank Limited
www.nab.com.au

Solicitors: Addisons Lawyers
www.addisonslawyers.com.au

Listed: Australian Stock Exchange
ASX: AGD

Place of Incorporation: Western Australia

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Austral Gold Limited during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

Directors' Report

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2012 and the Auditors' Review Report.

Directors

The Directors of Austral Gold Limited (the Company) are:

■ Eduardo Elsztain	Chairman & Non-Executive Director
■ Saul Zang	Non-Executive Director
■ Pablo Vergara del Carril	Non-Executive Director
■ Stabro Kasaneva	Executive Director & Chief Operating Officer
■ Wayne Hubert	Independent Non-Executive Director
■ Robert Trzebski	Independent Non-Executive Director
■ Ben Jarvis	Independent Non-Executive Director

All Directors were in office for the full reporting period, being 1 July to 31 December 2012.

Review of operations and likely developments

The consolidated profit for the half-year ended 31 December 2012 was \$1,700,264 (*31 Dec 11: loss \$4,366,396*). Included in the reported profit are foreign exchange gains of \$1,133,763 (*31 Dec 11: loss \$2,035,864*) and revenues of \$29,180,913 (*31 Dec 11: \$11,714,719*).

Further information on the Company's operations during the half-year ended 31 December 2012 has been released in the Company's announcements and reports to the ASX. These are available for review on the Company's website at www.australgold.com.au.

Corporate

At the AGM held on 28 November 2012, all resolutions as set out in the Notice of Annual General Meeting were approved by shareholders.

Auditors Independence Declaration

The lead auditors' independence declaration for the period ended 31 December 2012 has been received and is included in this report.

Signed in accordance with a resolution of Directors at Sydney



Robert Trzebski
Director
14 March 2013

DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF AUSTRAL GOLD LIMITED

As lead auditor for the review of Austral Gold Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Austral Gold Limited and the entities it controlled during the period.



Tim Sydenham

Partner

BDO East Coast Partnership

Sydney, 14 March 2013

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Review of Activities

The strategy of Austral Gold Limited (the Company) is to maximize shareholder value through the development of mineral deposits in which the Company has an interest.

The Company continues to explore and invest in its Guanaco gold and silver mine ("Guanaco") in northern Chile to expand its mineral resources, increase the mine's annual production and mine life and improve its financial viability. This is our primary focus.

The Company is seeking to acquire further properties in Chile and has acquired properties in Argentina. The Company is also assessing a number of options to expand its existing asset base in Chile and Argentina.

Guanaco Gold and Silver Mine, Chile (100% interest)

Background

In January 2003 Austral Gold Limited obtained, through its subsidiary Golden Rose International Limited (GRIL), an option to acquire the Guanaco Project in Chile from from Compañía Minera Kinam Guanaco Limitada, a wholly-owned subsidiary of Kinross Gold Corporation.

At the General Meeting of the Company held on 14 March 2003, the Shareholders approved this acquisition and the Guanaco Project was acquired by Guanaco Compañía Minera Limitada - a company wholly owned by Guanaco Mining Company Limited (GMC) and incorporated in Chile.

Project and Mine Description

The Guanaco mine is the company's primary asset located approximately 220km SE of Antofagasta in Northern Chile. It is at an elevation of some 2,700m and 45km from the Pan American Highway. Guanaco is located in the Palaeocene/Eocene belt, a structural trend which runs north/south down the centre of Chile, and hosts several large gold and copper mining operations including: Zaldivar, El Penon and Escondida.



The Guanaco operation includes the mining of ore from two open pits (Defensa and Perseverancia) at an average grade of 1.6 g/t gold. The majority of the ore processed came from the Cachinalito underground and nearby vein systems with 419,000oz in gold JORC Measured and Indicated resources averaging 3.2 g/t. Gold mineralisation at Guanaco is controlled by pervasively silicified, E/NE trending sub-vertical zones with related hydrothermal breccias. Silicification grades outward into advanced argillic alteration and further into zones with propylitic alteration. In the Cachinalito vein system most of the gold mineralisation is concentrated between the 75m and 200m levels and is contained in long shoots. High grade ore shoots (up to 180 g/t Au), 0.5 to 3.0m wide, have been mined out, but the lower grade halos, below 3 g/t, can reach up to 20m in width. The alteration pattern and the mineralogical makeup of the Guanaco ores have led to its classification as a high sulfidation epithermal deposit.

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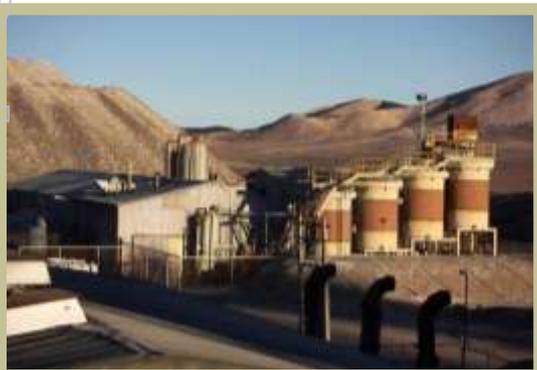
Guanaco recommenced production in August 2010 and poured its first doré bars in October 2010. In the 2012 calendar year, the company produced 30,403 gold equivalent ounces from this operation.



Top: Panoramic view taken from “Cerro Estrella” of the Dumbo Pit and behind it the processing plant, Heaps 1, 2 and 3 and the pregnant solution ponds.

Above: The refurbished crushing plant.

Right: The first gold doré pouring in October 2010.



Production

Production from heap leach processes, using existing leach pads and new ore mined from two open pit mines, plus the underground operation generated 28,907oz of gold and 74,829oz of silver in 2012. The cash operating cost was approximately US\$ 859 /oz.

Production figures were behind budget due to labour supply issues experienced by the mining contractors; lower grade ore from the open pit; and ongoing cyanide supply issues across the mining sector in Chile.

Gold and Silver Production:

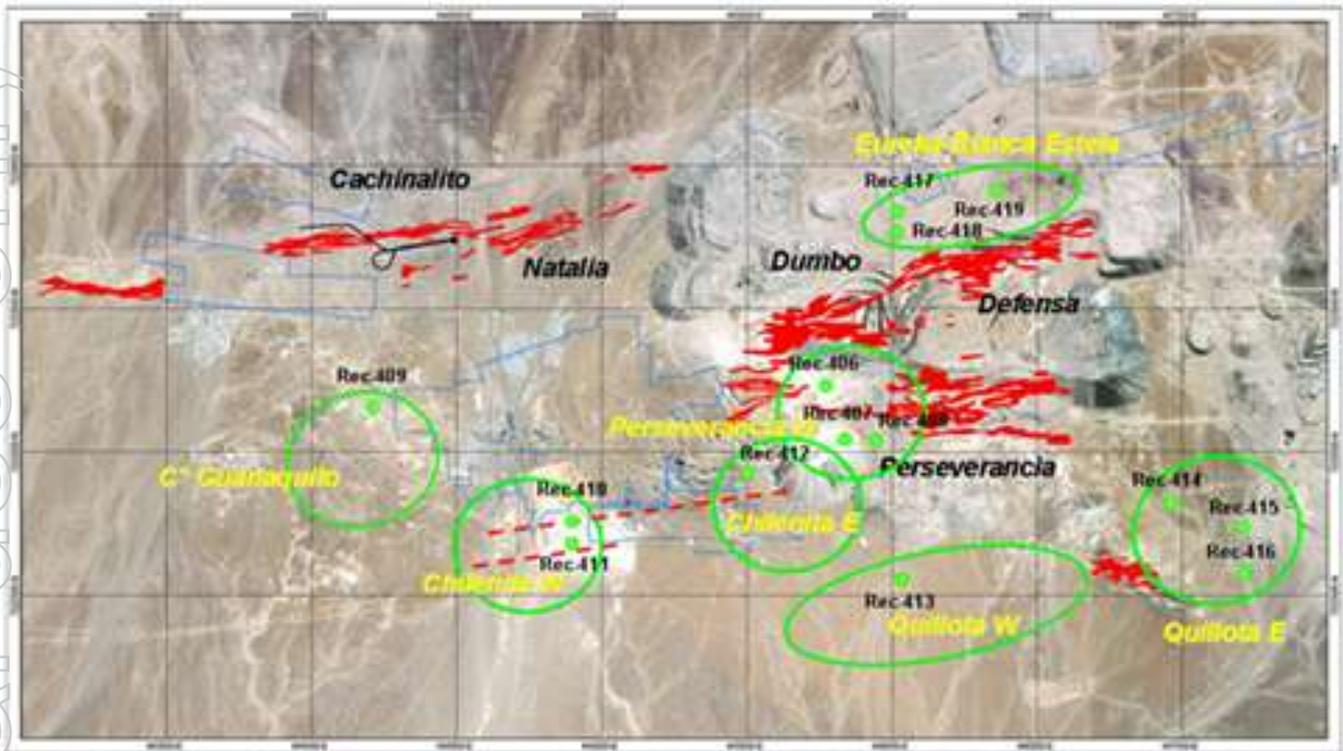
Production	2010 Cal Year	2011 Cal Year	2012 Cal Year	2013 Forecast
Gold (Au Oz)	332	12,373	28,907	40,000
Silver (Ag Oz)	431	37,511	74,829	30,150

Guanaco Operational Performance:

12 months to December 2012	
Total Ore Mined (t)	808,946
Ore from Open Pits (t)	593,903
Open Pit Grade (Au g/t)	1.18
Ore from Underground (t)	117,827
Underground Grade (Au /t)	6.78
Ore from Old Heaps (t)	27,678
Old Heap Grade (Au g/t)	0.8
Weighted Average Recovery (%)	61.5
Gold Produced (oz)	28,907
Silver Produced (oz)	74,829
Cash operating cost (US\$/oz)	859

Safety

Nine lost time incidents (LTIs) were reported involving employees of the Company and its subsidiaries during the 2012 calendar year. These incidents have been thoroughly investigated and in all cases corrective actions have been identified and implemented to prevent recurrence. Safety is a core value of the Company and the implementation of strategies to identify and manage risks in our workplaces being our highest priority.



Exploration Program

Local and District Program

A total of 4,425m was drilled during 2012 which focused on exploring the new ore shoots hosted in the main known corridors - Cachinalito, Dumbo-Defensa and Perseverancia. The result of this program was not satisfactory and exploration of these areas using geophysics was abandoned.

A new high-grade gold vein was discovered in the underground development and has been named the Despreciada Vein. This vein shows a new and different strike opening providing encouraging potential to extend resources in the Guanaco Deposit.

Despreciada has a N30W strike and is sub vertical. It has been recognised for more than 70m in two levels, cutting the Cachinalito Vein with gold grades up to 50 g/t Au.

A comprehensive exploration plan, both at surface and underground, is being implemented to explore the potential of this new vein which strikes in the EW direction, this being the prevailing control for gold and silver mineralisation.

Porphyry Copper Exploration Program

Five holes totalling 4,873 metres, both RC and DDH, were drilled for this exploration program. The depth varies from 914 up to 1,000 meters. The Holes RC/DDH-999 and RC/DDH-1016 present characteristics of a Porphyry Copper environment. Both holes show a strong hydrothermal alteration, represented by Quartz and Sericite. This evidence is being used to define the location of the porphyry source and new holes have been programmed for 2013 to identify a Porphyry Copper structure beneath the Guanaco Deposit.

8 de Julio Project - Santa Cruz, Argentina

In southern Patagonia, Austral Gold has nine tenement applications totalling almost 85,000 hectares in the Macizo el Deseado area in the Province of Santa Cruz.

During the period important results were received from the trench program developed in the Campo Barroso Grande of the Estancia 8 de Julio. A comprehensive strategy is being designed in order to more aggressively advance with the exploration of this prospect.

A geophysics consulting company will perform a resistivity study and the geochemical sampling program in the area will be expanded. The following figure reflects the level of progress with the latest results and the next activities considered for the projects.

- Expansion of the 100x100m geochemical mesh for silica and quartz vein float, to the entire Barroso Grande field.
- Development of a new geophysical program corresponding to a resistivity gradient in the Barroso Grande field where important gold values were obtained.
- Start with the systematic sampling of the other sectors/targets identified in the geological mapping.
- Planned drilling of holes that will test the vertical extension of the mineralized column.



Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

Austral Gold Limited and its Subsidiaries

For the half year ended 31 December 2012

	Notes	Half-Year Consolidated	
		31 Dec 2012 \$	31 Dec 2011 \$
CONTINUING OPERATIONS			
Revenue and other income	3	29,180,913	11,714,719
Total revenue and other income		29,180,913	11,714,719
Cost of sales		(14,179,575)	(10,755,277)
Depreciation expense		(1,953,614)	(820,066)
Amortisation expense		(2,981,679)	(1,350,428)
Finance costs		(953,286)	(2,513,063)
Administration expenses		(4,479,326)	(1,537,294)
Employee benefits expense		(580,260)	(677,267)
(Impairment losses) / reversal of impairment		-	(4,917,831)
Gain / (loss) from foreign exchange		1,133,763	(2,035,864)
Profit / (loss) before income tax		5,186,936	(7,974,540)
Income tax (expense) / benefit		(3,486,672)	3,608,144
Profit / (loss) after income tax		1,700,264	(4,366,396)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation		(960,210)	2,179,802
Income tax on items of comprehensive income		-	-
Total comprehensive income for the period		740,054	(2,186,594)
Net profit / (loss) attributable to controlling interests		1,700,227	(4,366,396)
Net profit / (loss) attributable to non-controlling interests		37	-
Net profit / (loss) for the period		1,700,264	(4,366,396)
EARNINGS / (LOSS) PER SHARE (cents per share):			
Basic earnings / (loss) per share	4	1.01c	(2.58)c
Diluted earnings / (loss) per share	4	1.01c	(2.58)c

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

Austral Gold Limited and its Subsidiaries
as at 31 December 2012

		Consolidated	
	Notes	31 Dec 2012 \$	30 Jun 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,328,461	469,876
Trade and other receivables	7	5,201,125	3,088,005
Inventories	6	4,198,307	3,555,662
Total current assets		10,727,893	7,113,543
Non-current Assets			
Other receivables	7	2,923,757	3,828,225
Financial assets		443,900	340,111
Intangible assets	8	67,391,176	66,332,753
Plant and equipment	9	18,455,257	20,185,655
Exploration and evaluation expenditure	10	234,828	171,822
Total Non-current assets		89,448,918	90,858,566
TOTAL ASSETS		100,176,811	97,972,109
LIABILITIES			
Current liabilities			
Trade and other payables		10,017,198	5,924,731
Provisions		17,024	22,047
Borrowings	11	1,113,471	721,988
Total current liabilities		11,147,693	6,668,766
Non-current Liabilities			
Provisions		764,564	742,752
Borrowings	11	52,773,258	57,352,048
Deferred tax liability		2,671,008	1,128,290
Total non-current liabilities		56,208,830	59,223,090
TOTAL LIABILITIES		67,356,523	65,891,856
NET ASSETS		32,820,288	32,080,253
EQUITY			
Issued capital		44,400,742	44,400,742
Accumulated losses		(4,404,933)	(6,105,160)
Reserves		(7,175,597)	(6,215,387)
Non-controlling interest		76	58
TOTAL EQUITY		32,820,288	32,080,253

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

Austral Gold Limited and its Subsidiaries

For the half year ended 31 December 2012

Consolidated

	Issued capital \$	Retained earnings/ accumulated losses) \$	Reserves \$	Non-controlling interest \$	Total \$
Balance at 1 July 2011	44,400,742	9,818,120	(8,323,247)	56	45,895,671
Total comprehensive income for the period	-	(4,366,396)	2,179,802	-	(2,186,594)
Issue of options	-	-	14,497	-	14,497
Increase in minority interest attributable to foreign exchange	-	-	-	14	14
Balance at 31 December 2011	44,400,742	5,451,724	(6,128,948)	70	43,723,588
Balance at 1 July 2012	44,400,742	(6,105,160)	(6,215,387)	58	32,080,253
Total comprehensive income for the period	-	1,700,227	(960,210)	37	740,054
Decrease in minority interest attributable to foreign exchange	-	-	-	(19)	(19)
Balance at 31 December 2012	44,400,742	(4,404,933)	(7,175,597)	76	32,820,288

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

Austral Gold Limited and its Subsidiaries

For the half year ended 31 December 2012

Consolidated

	31 Dec 2012 \$	31 Dec 2011 \$
Cash flows from operating activities		
Receipts from sale of goods	26,777,595	11,713,963
Payments to suppliers and employees	(16,139,869)	(12,472,750)
Net cash provided through / (used in) operating activities	10,637,726	(758,787)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	68,283	-
Purchase of property, plant and equipment	(623,456)	(972,512)
Payment for investment in listed shares	(154,017)	-
Payment for investment in unlisted shares	-	(630,779)
Payment for exploration and evaluation expenditure	(34,911)	(29,268)
Payment for investment in development assets	(5,137,596)	(861,746)
Interest received	3,861	757
Net cash used in investing activities	(5,877,836)	(2,493,548)
Cash flows from financing activities		
Interest paid	(1,482)	-
Loans from related party	-	2,298,504
Repayment to related party	(3,812,065)	-
Net cash (used in) / provided through financing activities	(3,813,547)	2,298,504
Movement attributable to foreign currency translation	(43,879)	54,786
Net increase / (decrease) in cash held	902,464	(953,831)
Cash at beginning of the period	469,876	1,309,145
Cash at end of the period	1,328,461	410,100

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Half-Year Financial Statements

1. CORPORATE INFORMATION

Austral Gold Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. Austral Gold Limited has prepared a consolidated half year financial report incorporating the entities that it controlled (the Group) during the period ended 31 December 2012.

The nature of the operations and principal activities of the Group are described in the Directors report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of half-year financial report

The Half-year Financial Report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The Half-year Financial Report should be read in conjunction with the Annual Financial Report of Austral Gold Limited as at 30 June 2012, which complies with International Financial Reporting Standards.

It is also recommended that the Half-year Financial Report be considered together with any public announcements made by Austral Gold Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(ii) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The Half-year Financial Report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(iii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Austral Gold Limited and the entities it controlled during the period ended 31 December 2012 ('the Group').

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments (if any) are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from inter-company transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which control is transferred to the Group and will cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of an entity in the Group, the consolidated financial statements will include the results for the part of the reporting period during which Austral Gold Limited had control.

(iv) Significant accounting policies

The Half-year Financial Report has been prepared using the same accounting policies as used in the annual financial report of Austral Gold Limited for the year ended 30 June 2012.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

Consolidated

3 REVENUE AND OTHER INCOME

	31 Dec 2012 \$	31 Dec 2011 \$
Operating activities		
Revenue from gold and silver sales	29,074,604	11,713,962
Gain on sale of asset	68,283	-
Interest revenue	3,861	757
Other revenue	34,165	-
Total revenue	29,180,913	11,714,719

4 EARNINGS / (LOSS) PER SHARE

Classification of securities as ordinary shares

Ordinary shares have been included in basic earnings / (loss) per share.

Consolidated

	31 Dec 2012 \$	31 Dec 2011 \$
Earnings reconciliation		
Net profit / (loss) attributable to controlling interests	1,700,227	(4,366,396)
Net profit / (loss) attributable to non-controlling interests	37	-
Net profit / (loss)	1,700,264	(4,366,396)
Weighted average number of shares used as the denominator		
Number for basic earnings per share	169,139,739	169,139,739
Number for diluted earnings per share	169,139,739	169,139,739
Basic earnings/(loss) per ordinary share	1.01c	(2.58)c
Diluted earnings/(loss) per ordinary share	1.01c	(2.58)c

5 SEGMENTS

Management have determined the operating segments based on reports reviewed by the Chief Operating Decision Maker ("CODM"). The CODM considers the business from both an operations and geographic perspective and has identified two reportable segments, Australia and South America. The CODM monitors the performance in these two regions separately.

	31 Dec 2012			31 Dec 2011		
	Australia \$	South America \$	Consolidated \$	Australia \$	South America \$	Consolidated \$
Revenue from gold and silver sales	-	29,074,604	29,074,604	-	11,713,962	11,713,962
Gain on sale of asset	-	68,283	68,283	-	-	-
Interest revenue	791	3,070	3,861	757	-	757
Other	-	34,165	34,165	-	-	-
Total segment revenue	791	29,180,122	29,180,913	757	11,713,962	11,714,719
Depreciation	(772)	(1,952,842)	(1,953,614)	(772)	(819,294)	(820,066)
Amortisation	-	(2,981,679)	(2,981,679)	-	(1,350,428)	(1,350,428)
Finance costs	(951,685)	(1,601)	(953,286)	(2,495,469)	(17,594)	(2,513,063)
Other	754,077	(22,346,147)	(21,682,070)	(2,820,011)	(8,577,547)	(11,397,558)
Segment profit/(loss)	(197,589)	1,897,853	1,700,264	(5,315,495)	949,099	(4,366,396)
Segment assets	123,394	100,053,417	100,176,811	28,534	106,550,204	106,578,558
Segment liabilities	(52,849,236)	(14,507,287)	(67,356,523)	(56,998,973)	(5,855,997)	(62,854,970)

6 INVENTORIES

	Consolidated	
	31 Dec 2012 \$	30 Jun 2012 \$
Raw materials – at cost	532,470	462,932
Work in progress – at cost	881,177	629,246
Finished goods – at net realisable value	2,784,660	2,463,484
Total inventories	4,198,307	3,555,662

Consolidated

7 TRADE AND OTHER RECEIVABLES

	31 Dec 2012 \$	30 Jun 2012 \$
CURRENT		
Other current receivables	521,150	627,897
Pre-payments	1,425,415	1,486,330
GST/VAT receivable	519,888	589,029
Trade receivables	2,734,672	384,749
Total current receivables	5,201,125	3,088,005
NON CURRENT		
GST/VAT receivable	96,387	63,092
Pre-payments	2,827,370	3,765,133
Total non-current receivables	2,923,757	3,828,225

Consolidated

8 INTANGIBLE ASSETS

	31 Dec 2012 \$	30 Jun 2012 \$
Guanaco		
Cost	73,451,182	69,409,044
Accumulated amortisation	(6,060,006)	(3,076,291)
Development assets – Guanaco	67,391,176	66,332,753
MOVEMENTS IN CARRYING VALUE		
<i>Reconciliations of the carrying amounts for intangible assets are set out below:</i>		
Carrying amount at beginning of the period/year	66,332,753	64,083,041
Additions	4,614,773	4,016,475
Amortisation	(2,981,679)	(2,914,505)
Movement attributable to foreign currency translation	(574,671)	1,147,742
Carrying amount at end of the period/year	67,391,176	66,332,753

Consolidated

9 PLANT AND EQUIPMENT

	31 Dec 2012 \$	30 Jun 2012 \$
Plant and equipment - at cost	23,916,710	23,942,242
Accumulated depreciation	(5,461,453)	(3,756,587)
Carrying amount at end of period/year	18,455,257	20,185,655
MOVEMENTS IN CARRYING VALUE		
Carrying amount at beginning of period/year	20,185,655	20,021,794
Additions	623,456	1,946,477
Disposals	(24,372)	(50,655)
Depreciation	(1,953,614)	(2,496,319)
Movement attributable to foreign currency translation	(375,868)	764,358
Carrying amount at end of period/year	18,455,257	20,185,655

Consolidated

10 EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2012 \$	30 Jun 2012 \$
Costs carried forward in respect of areas of interest in:		
Opening balance	171,822	116,215
Additions for the period	34,911	63,572
Movement attributable to foreign currency translation	28,095	(7,965)
Carrying amount at end of period/year	234,828	171,822

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.

Consolidated

11 BORROWINGS

	31 Dec 2012 \$	30 Jun 2012 \$
CURRENT		
Royalty payable	1,113,471	721,988
Total current borrowings	1,113,471	721,988
NON-CURRENT		
Loan – IFISA	52,773,258	57,352,048
Total non-current borrowings	52,773,258	57,352,048

11.1 Loan Inversiones Financieras del Sur SA (IFISA)

The borrowings are unsecured. Interest is charged at 4%. The loan comprises principal of \$42,936,187 and capitalised interest of \$9,837,071. The loan is repayable as follows:

- i when sufficient cash flows of the Group allow;
- ii at the election of IFISA to subscribe for shares in the Group (contingent on shareholder approval);
- iii on successful completion of an equity raising by the Group; or
- iv failing all of the above by 30 September 2014.

11.2 Royalty payable

In accordance with the signed agreement with Compania Minera Kinam Guanaco, the Company is required to pay quarterly amounts determined as the greater between;

- i The equivalent of USD75,000 or
- ii The “NPI”, that is approximately 5% of the income from the sale of concentrate less the necessary costs to produce the concentrate.

The Company can decide to cease to pay these quarterly amounts at any time with the payment of the local currency equivalent of USD 7,500,000 (without deducting royalties already paid).

The balance of \$1,113,471 corresponds to the amount accrued up to 31 December 2012, that remains unpaid.

12 DIVIDENDS

No dividends were paid or proposed during the period.

13 COMMITMENTS**13.1 AMINSA Earn-in commitments**

These obligations are not provided for in the accounts and are payable:

	Consolidated	
	31 Dec 2012 \$	30 Jun 2012 \$
Within one year – AMINSA Earn-in commitments	3,000,000	3,000,000
One year or later and no later than five years	-	-
Total commitments	3,000,000	3,000,000

14 SUBSIDIARIES

	Country of Incorporation	31 Dec 2012 % owned	30 Jun 2012 % owned
PARENT ENTITY			
Austral Gold Limited	Australia		
SUBSIDIARIES			
Guanaco Mining Company	British Virgin Islands	100.000	100.000
Guanaco Compañía Minera	Chile	99.999	99.998
Austral Gold Argentina	Argentina	99.770	99.750

15 SUBSEQUENT EVENTS

There have been no reportable events subsequent to 31 December 2012 up to the date of this report.

16 RELATED PARTIES

16.1 Ultimate parent entity

The Parent Entity is controlled by IFISA which is incorporated in Uruguay. The ultimate beneficial owner of IFISA is Eduardo Elsztain.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Robert Trzebski
Director

Sydney,
14 March 2013

Dr Robert Trzebski is a Director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Masters in International Project Management and has over 17 years professional experience in mineral exploration, project management and research and development.

Dr Robert Trzebski is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Robert Trzebski consents to the inclusion of the resources noted in this Annual Report.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Austral Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Austral Gold Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Austral Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Austral Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Austral Gold Limited is not in accordance with the *Corporations Act 2001* including:

- A. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- B. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO


Tim Sydenham

Partner

Sydney, 14 March 2013

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